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REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FOR THE PERIOD ENDED 31 DECEMBER 1997*/

*/ An annex contains follow-up actions to implement the Board's recommandations for 1996 as well as the comments of the Board thereon

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CHAPTER I

REPORT OF THE BOARD OF AUDITORS

Summary

The Board of Auditors has audited the operations of the voluntary funds administered by the United Nations High Commissioner for Refugees at the headquarters of the Office of the United Nations High Commissioner for Refugees (UNHCR) at Geneva and at its branch offices in Angola, Bosnia and Herzegovina, Côte d'Ivoire, the Democratic Republic of the Congo, the Philippines, the Russian Federation and the United Republic of Tanzania for the period from 1 January to 31 December 1997. The Board also validated the financial statements of the voluntary funds administered by the High Commissioner. The Board also examined the extent of implementation of the memorandum of understanding between UNHCR and the Office of Internal Oversight Services regarding internal audit coverage as requested by the Advisory Committee on Administrative and Budgetary Questions in its report of 22 October 1997 (A/52/518).

The Board's main findings are as follows:

(a) The financial statements and schedules of the voluntary funds generally conform to the United Nations System Accounting Standards, except for recognition of certain items of income and disclosure of non-expendable property;

(b) UNHCR has taken additional steps to encourage implementing partners to provide audit certificates in support of funds advanced in earlier years;

(c) Delays in signing the agreements with the implementing partners and deficiencies in maintenance of the accounts by them persist;

(d) Policy concerns regarding refugee women are not fully integrated into the project formulation process and implemented accordingly. Lack of adequate sex/age disaggregated statistics is a constraint in proper needs assessment on which plans for implementation could be based;

(e) Out of 134 field offices, 25 have been unable to complete the recording of their assets in the MINDER asset tracking system. Even where the system has been implemented, the assets have been recorded only partially. Physical verification of assets has not been carried out in the field offices because of delay in the delivery of bar code readers;

(f) The implementation of the memorandum of understanding between UNHCR and the Office of Internal Oversight Services in relation to the internal audit arrangements is at an early stage;

(g) UNHCR has started the conversion and replacement of those units of its systems applications which are not year 2000 compliant.

The key recommendations are:

(a) The Administration should review the present method of recognition of income so that its accounting policies and practices follow the United Nations System Accounting Standards;

(b) UNHCR should monitor more closely the timing of project delivery, particularly in those projects which are time critical;

(c) The Administration should take prompt and effective steps to ensure that adequate sex/age disaggregated statistics are collected and used in the formulation of programmes for women;

(d) UNHCR should encourage all field offices to respond to the High Commissioner's request so that it can make a full assessment of the work required and funds needed to implement the Machel report on refugee children;

(e) The Administration should take prompt action to complete the installation of MINDER in all field offices and implement all aspects of the system, so that the records correctly reflect the assets held by UNHCR and with the implementing partners and to improve the control over the physical assets;

(f) UNHCR should ensure that all systems are tested for year 2000 compliance with sufficient lead time to address any deficiencies.

A list of the Board's main recommendations is included in paragraph 11 of the report.

A. Introduction

1. In accordance with paragraph 22 of the statute of the Office of the United Nations High Commissioner for Refugees (UNHCR), the Board of Auditors has audited the financial statements of the voluntary funds administered by the High Commissioner for the period from 1 January to 31 December 1997. The audit was conducted in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These auditing standards require that the Board plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 January to 31 December 1997 had been incurred for the purposes approved by the Executive Committee of UNHCR; whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations and Rules; and whether the financial statements of the United Nations presented fairly the financial position at 31 December 1997. The audit included a general review of financial systems and internal

controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered necessary to form an opinion on the financial statements.

3. The audit was carried out at UNHCR headquarters at Geneva and at its branch offices in Angola, Bosnia and Herzegovina, Côte d'Ivoire, the Democratic Republic of the Congo, the Philippines, the Russian Federation and the United Republic of Tanzania.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations of the United Nations. The Board has also reviewed the adequacy of internal controls and the efficiency of procedures relating to the management of cash and action taken by UNHCR in putting into operation its stated policy guidelines on refugee women, refugee children, environment and other programmes.

5. The Board also examined the extent of implementation of the memorandum of understanding between UNHCR and the Office of Internal Oversight Services regarding resources to ensure adequate internal audit coverage as requested by the Advisory Committee on Administrative and Budgetary Questions in its report of 22 October 1997 (A/52/518). In this context the Board reviewed the adequacy and functioning of the arrangement.

6. The Board continued its practice of reporting the results of specific audits through audit observations and management letters containing audit findings and recommendations to the Administration. The practice helped in maintaining an ongoing dialogue with the Administration on audit issues.

7. A summary of the main recommendations is given in paragraph 11 below. The detailed findings of the audit are presented in paragraphs 12 to 100.

8. The present report covers matters which, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the present report were communicated to UNHCR. The Administration has confirmed the facts on which the Board's observations and conclusions are based and has provided explanations and answers to the Board's queries. The report is divided into two parts, covering the audit of financial issues and management issues, respectively.

1. Previous recommendations not fully implemented

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has highlighted separately below those recommendations, that have not been fully implemented by UNHCR. The years shown in parentheses (starting from 1994) are those in which the Board recommended that:

(a) Delays in submission of project monitoring reports by the field offices and sub-project monitoring reports by the implementing partners be avoided (1994, 1995 and 1996);

(b) The new asset management system, MINDER, should be upgraded (1994 and 1996).

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made by the Board in its report for the year ended 31 December 1996 (A/52/5/Add.5, chap. I). Details of actions taken and the comments of the Board are outlined in the annex to the present report.

2. Main recommendations

11. The Board recommends that the Administration:

(a) Review the present method of recognition of income so that its accounting policies and practices follow the United Nations System Accounting Standards (para. 16);

(b) Focus attention on timely review and cancellation of obligations no longer required (para. 32);

(c) Ensure timely submission of sub-project monitoring reports and ensure that funds are disbursed to the implementing partners only when required (para. 43);

(d) Monitor more closely the timing of project delivery, particularly in those projects that are time critical (para. 58);

(e) Take prompt and effective steps to ensure that adequate sex/age disaggregated statistics are collected and used in the formulation of programmes for women (para. 64);

(f) Encourage all field offices to respond to the High Commissioner's request so that it can make a full assessment of the work required and funds needed to implement the Machel report on refugee children (para. 69);

(g) Develop a comprehensive monitoring and evaluation system to ensure that the concerns envisaged in the environmental policy are addressed adequately (para. 75);

(h) Take prompt action to complete the installation of MINDER in all field offices and implement all aspects of the system, so that the records correctly reflect the assets held by UNHCR and with the implementing partners, and improve the control over the physical assets (para. 90);

(i) Ensure that all systems are tested for year 2000 compliance with sufficient lead time to address any deficiencies (para. 99).

B. Financial issues

1. Financial statements

United Nations System Accounting Standards

12. The Board assessed the extent to which the UNHCR financial statements for the year ended 31 December 1997 conform to the United Nations System Accounting Standards. The review indicated that the financial statements are

generally consistent with the Standards except for recognition of certain items of income and disclosure of non-expendable property as discussed below.

Income recognition

13. UNHCR recorded voluntary contributions for specific activities (special programmes) on an accrual basis instead of when received, as required under paragraph 35 of the United Nations System Accounting Standards. Thus an amount of $64.2 million was included as income during 1997 and as voluntary contributions receivable although it was for specific activities and had not been received at 31 December 1997, thereby overstating income and accounts receivable by that amount. Similarly, amounts totalling $ 24.4 million pertaining to earlier years were included in voluntary contributions receivable, even though they had not been received at 31 December 1997, further overstating receivables by this amount.

14. Although the Administration stated that it did not distinguish between voluntary contributions for general programmes and for special programmes while disclosing the accounting policy and practice, the Board considers that contributions for specific activities should be treated strictly in accordance with United Nations System Accounting Standards.

15. According to of the Financial Rules for Voluntary Funds of UNHCR, contributions-in-kind are to be taken to the appropriate account when received. The Board noted, however, that in UNHCR contributions-in-kind were also recorded on an accrual basis at the time the pledge was made. Outstanding contributions-in-kind at the end of 1997 shown in schedule 1, report I, of the financial statements amounted to $2.57 million. Although UNHCR maintained that the disclosure in note 2 (f) in this regard would suffice, the Board considers that contributions-in-kind should be recognized as income only when received.

16. The Board recommends that the Administration review the present method of recognition of income so that its accounting policies and practices follow the United Nations System Accounting Standards.

Non-expendable property

17. UNHCR has not fully complied with paragraph 49 of the United Nations System Accounting Standards, which requires full disclosure of non-expendable property, as discussed below.

Change to biennial reporting

18. In its resolution 52/212 of 22 December 1997, the General Assembly endorsed the request of the Advisory Committee on Administrative and Budgetary Questions that the High Commissioner consult with the Board of Auditors on the implication of submitting biennial reports instead of annual reports, and report thereon to the General Assembly at its fifty-third session. The Board encourages UNHCR to take this matter forward and to consult with the Board as requested.

Implementing partners

19. In its report for 1994, the Board pointed out that even though substantial advances were made to implementing partners, accountability was weak because audited financial statements and audit certificates were not being submitted by the implementing partners. In its report for 1995, the Board recommended that UNHCR ensure that audit certificates were submitted by implementing partners in sufficient time for the management to have the necessary assurance about the regularity, compliance and propriety of the expenditure incurred by the implementing agencies and reflected in the financial statements. The Board reiterated this recommendation in 1996. The amounts advanced to implementing partners (other than the United Nations agencies) in the years 1995, 1996 and 1997 were $472.7 million, $491.5 million and $370.4 million, respectively, of which audit certificates had been received by 31 March 1998 only for $225.1 million (47.6 per cent) for 1995, $23.1 million (4.7 per cent) for 1996 and none for 1997.

20. The Administration stated that the presentation of audit certificates was made compulsory as of 1 January 1997 and had also been made a prerequisite for the selection of new partners. The standard text of UNHCR sub-agreements was changed in April 1998 to incorporate the obligation of implementing partners to provide such certificates for UNHCR projects. Accordingly, non-governmental organization implementing partners were requested to submit their audited financial statements within six months after the final date for liquidation of obligations. UNHCR reiterated that that was an appropriate time-frame which allowed implementing partners and their respective auditors to prepare the reports. In its view it would be unrealistic to expect compliance with shorter deadlines.

21. The Board noted the progress made in securing audit certificates to support the advances made in earlier years. The Board suggests, however, that the Administration should consider further tightening of the six-month time-frame for the submission of the audit certificates in order to enable the relevant expenditures recorded in the financial statements to be confirmed.

22. As noted in the Board's report for 1996, there were outstanding financial reports for the periods covering the years 1994 to 1996 for amounts advanced to implementing partners. The balance in the memorandum suspense account indicating outstanding financial reports for the amounts advanced between 1994 and 1996 was $442.6 million at 30 June 1997. The Board noted that the situation had improved in 1997 and that the amount had decreased to $76.8 million. In 1997, of $397.89 million advanced to implementing partners and recorded as expenditure, financial reports were yet to be received for $176.63 million at 31 March 1998. The Administration explained that as many projects had been extended and the liquidation period was three months after the termination of the project, some financial reports were not yet due.

23. The Board noted, however, that disbursements to implementing partners amounted to an average of about 40 per cent of the total budget of UNHCR. In view of this the Board considers that it is essential that UNHCR ensure timely and regular receipt of financial reports from the implementing partners.

24. In its report for 1996, the Board recommended that UNHCR should urgently review the existing system of recording of the expenditure incurred by implementing partners according to which cash advances to implementing partners were taken as programme expenditure at the time the funds were advanced.

25. For 1997 also, the Board noted that as soon as a letter of instruction was issued for a project, the cash allocation was established and an obligation created. The advances given to the implementing partner were recorded as disbursements, duly adjusting the obligation. The disbursement was monitored through a memorandum suspense account, which is outside the formal accounting process. At the end of the year the Administration, based on the information available from the field offices, cancelled any invalid unliquidated obligations.

26. The Board is concerned that the financial statements do not truly reflect the expenditure during the year in as much as large amounts in the memorandum suspense account remain unadjusted ($193.5 million at the end of 1997) and the outstanding obligations are not reflected correctly, viewed in the context of cancellations of almost one third of them in subsequent years ($69.4 million cancelled in 1997).

27. The Board was pleased to note, however, that the Administration had initiated action for a review of the system. The Board considers that this exercise should be accorded high priority.

28. The Board also noted that when implementing partners refunded to UNHCR unspent balances at the end of the year, there was no mechanism for reducing the expenditure because the refund was recorded only in the following year when the accounts for the prior year's project had been closed. The refund was therefore recorded as adjustments to prior period expenditure. As a result, the expenditure on a project was not reflected correctly in the financial statements. Also, if reports were not received from partners or were not recorded by the UNHCR office, the only information available was that the installment had been paid. This is inadequate as UNHCR does not have information about the utilization of disbursement.

29. While recognizing the improvement made in securing timely receipt of financial reports, the Board looks forward to further progress in this important area.

Liquidity position

30. The Board noted that the liquidity ratio (current assets to current liabilities) at 31 December 1997 had decreased marginally to 2.22 %, compared with a ratio of 2.29 % at 31 December 1996. The Board noted, however, that the quick ratio, which measured the liquidity position in terms of cash or near cash, increased from 1.08 % at 31 December 1996 to 1.44 % at 31 December 1997; this indicated a significant improvement in the liquidity position. This was possible because of considerable reduction in voluntary contributions receivable (down from 51 per cent of total assets in 1996 to 31 per cent in 1997) and a corresponding increase in cash and term deposits (up from 47 per cent of the total assets in 1996 to 64 per cent in 1997).

Unliquidated obligations

31. The Board noted that $69.4 million, or 34 per cent of unliquidated obligations of $205.1 million at 1 January 1997, had been cancelled during 1997. In its report for the year 1996, the Board had recommended that UNHCR focus more attention on timely review and cancellation of obligations no longer required. Although the Administration stated that the unliquidated obligations as well as cancellations as a proportion of total expenditure were declining, the Board noted that unliquidated obligations of $150.2 million were carried over to the subsequent years.

32. The Board reiterates its recommendation that UNHCR focus attention on timely review and cancellation of obligations no longer required.

2. Write-off of losses of cash, receivables and property

33. Cash and receivables amounting to $183,992 were written off during the year. The write- off included an amount of $65,042 looted in May 1996 from the UNHCR office in Kabul and $101,469 looted from its office in Goma, Democratic Republic of the Congo.

34. The details of property and other categories of losses as reported to the Asset Management Board at headquarters and written off during 1997 are as follows (in United States dollars):

Category	Value
Accident	16 178
Hijacking	62 821
Theft	503 320
Looting	127 671
Loss of property	35 189
Damage/destroyed	75 439
Wear and tear	385 002
Others	67 383
Total	**1 273 003**

3. Ex gratia payments

35. The Administration informed the Board that no ex gratia payments were made during 1997.

C. Management issues

1. Cash management

36. The Board noted that while a system of annual budgeting was in place, medium and long- term cash forecasts were not prepared. The Administration stated that although it was mandated to do so, this task had been delayed because of changes in and extended absence of staff in the Treasury Section.

It added that in 1997 it made 265 short-term investments at an average rate of 5.6 per cent for periods ranging from 5 to 216 days. The interest earned on the funds invested was $11.8 million.

37. The Board's analysis of the monthly receipts and disbursements of cash at the headquarters showed that the cash and bank balances at the end of the month varied from $225 million to $390 million. During 1997, the investments ranged from 67 to 93 per cent of the cash and bank balances (the average being 75 per cent).

38. While agreeing to the need for a reliable cash forecast mechanism, the Administration stated that as long as the uncertainties in receipts prevailed any system would be of reduced value for cash management. However, it intended to enhance the efforts to design a mechanism at the organizational level. The Administration also agreed to reconsider its investment strategy.

39. The Board considers that uncertainties in receipts will reduce if the Board's recommendation in paragraph 16 above is implemented. This will also facilitate more accurate cash forecasting.

40. The Board recommends that UNHCR prepare cash forecasts to enable the Administration to deploy its resources more efficiently and to increase the yield on its investments.

41. Payments to the implementing partners account for almost 40 per cent of UNHCR expenditure. These payments are required to be released by the field offices in accordance with the sub-agreements and progress of the projects subject to submission of the sub-project monitoring reports, and the cash on hand with the partner does not represent more than 30 per cent of the last installment.

42. The Administration stated that the financial systems did not currently allow them to provide any meaningful exception reports but in spite of this controls are in place; the field offices were responsible for ensuring that funds were disbursed only when required by the partners. While the Administration agreed that it would be desirable to have central exception reports available, production of new reports will not be possible until new systems are established. The Board, however, has commented in its reports for 1994, 1995 and 1996 that irregularities in submission of the sub-project monitoring reports by the implementing partners has been a persistent problem and therefore is concerned that there is no central monitoring in this important area.

43. The Board recommends that the Administration ensure timely submission of sub-project monitoring reports and ensure that funds are disbursed to the implementing partners only when required.

44. The UNHCR Manual lays down several control mechanisms for orderly administration of cash in field offices. The Board's examination of the functioning of the system in several offices revealed that the controls were not being implemented. Some of the deficiencies noted were:

(a) Non-verification of petty cash by the head of the office on a monthly basis (Abidjan, Dar es Salaam and Kinshasa);

(b) Non-closure of the cash book on the last day of the month (Kinshasa);

(c) Non-following of the procedure regarding duplicate key for the cash chest (Abidjan) and proper authorization of a staff member as petty cash custodian (Abidjan and Kinshasa);

(d) Large balances in non-interest bearing accounts (Abidjan, Kinshasa, and Manila);

(e) Non-setting of ceiling for cash balances to be kept in field offices (Dar es Salaam and Manila);

(f) Non-removal of the names of transferred officials from the panel of authorized signatories (Kinshasa).

The Administration assured the Board that it would strengthen the existing control mechanisms.

45. The Board recommends that the Administration improve the adherence to the control mechanisms by the field offices for improved management of cash.

2. Programme management

Maintenance of accounts by implementing partners

46. The Board s examination of the accounts maintained by various implementing partners revealed deficiencies in the maintenance of records, instances of booking of inadmissible amounts and retention of monies that were to be refunded. In three branch offices the Board noted the following cases of irregular booking of expenditure by implementing partners:

(a) An implementing partner charged $297,170 to a sub-project for the supply of firewood during the period from 26 March to 29 May 1997 although he paid only $285,902, thus overcharging UNHCR by $11,268;

(b) Another implementing partner charged to a sub-project the entire expenditure in respect of office supplies, communication and maintenance/repair of miscellaneous equipment, although only 75 per cent was chargeable;

(c) Various implementing partners purchased equipment valued at $13,416, although there was no approved budget for these items;

(d) Contrary to the terms and conditions of their agreements, two implementing partners in a health care project did not credit to UNHCR 50 per cent of the cost of the medicines given to refugees;

(e) Unspent balances amounting to $217,927 relating to the period from 1994 to 1996 were yet to be recovered from the implementing partners. Write-off action was in process for $117,927 of this amount.

47. The Administration stated that the implementing partners would be reminded to adhere to the terms and conditions of the sub-project agreements and to the budget line.

48. The Board recommends that UNHCR investigate the above cases and take prompt action to recover any amounts overpaid.

Delays in project implementation

49. The Board noted delays in project implementation in two branch offices as a result of which services were not provided to the beneficiaries in a timely manner as discussed below.

50. Out of 1,300 apartments intended to be made ready for winter by October 1996, only 1,115 were made available for occupation between March and July 1997, after the main winter period was over.

51. In August 1996, an implementing partner provided for reconstruction of 900 houses, rehabilitation of 96 public apartments and repair of 8 schools and 6 health facilities by December 1996. As at November 1997, 181 units had not been repaired and inhabited. The Board also noted that against a target of eight schools, not a single school was repaired, although materials were provided in 1996.

52. A sub-project under a care and maintenance project envisaged rehabilitation of 140 apartments and 300 private houses. The Board noted that although the project duration was from 1 July to 31 December 1996, only 180 roofs of the private houses had been repaired by the end of January 1997. The objective of providing shelter, more needed in winter, was not achieved. The Administration stated that the delay was due to difficulties encountered with municipalities and non-availability of construction materials locally.

53. Owing to a delay in signing the agreement for supply of coal and firewood, required to be supplied by 31 December 1997, heating materials for 5,500 families were only supplied between February and May 1997, after the main winter period was over.

54. Under a repatriation programme for Angolan refugees, the Board noted that $55,800 was provided for urgent procurement of medicines, vaccination of children below five years of age and special equipment. Although the Supply and Transportation Service placed orders for the medicines and equipment in March 1996 and they arrived in May 1996, the medicines were distributed in 1997.

55. The Board also noted that owing to delays in issuing letters of instruction, the objectives of projects were not achieved in a timely manner. For example, in a local settlement project, although the duration of the sub-projects was from January to August 1996, the letter of instruction for the project was issued in June 1996 and sub-project agreements with three implementing partners were signed in August 1996. The target was for training 480 students of secondary and technical education schools by the three implementing partners, but two of them did not train any students.

56. The project also targeted construction of 73 classrooms and latrines. As of the date of closure of the sub-project, 21 classrooms had been built and the remaining were in various stages of progress, although the budget had been overspent.

57. The Board considers that the objectives of the project were not achieved largely because the letter of instruction was issued five months after the commencement of the project.

58. The Board recommends that UNHCR monitor more closely the timing of project delivery, particularly in those projects that are time critical.

3. Refugee women

59. Refugee women represent 58 per cent of the adult refugee population worldwide and, therefore, are of special concern to UNHCR. The UNHCR policy on refugee women, formulated in 1989 and adopted in 1990, emphasizes the need for integration of the resources and needs of refugee women in all aspects of programme planning and implementation. The Board noted that while the recommendations of the Fourth World Conference on Women, held at Beijing in 1995, on women's issues had been adopted by UNHCR for implementation, they had not been incorporated in the policy guidelines as at April 1998.

60. The Administration stated that it planned to update the policy on refugee women in the near future to include some of the more recent developments in relation to women refugees and gender. The plans also included incorporation of relevant recommendations of the United Nations global conferences with particular reference to the Beijing Platform for Action, the mainstreaming of gender perspectives in all policies and programmes of UNHCR, and other issues. A revision of the guidelines on the protection of refugee women was in progress.

61. Although issues of concern to refugee women have been incorporated in manuals, and checklists have been prepared to assist in identifying women's needs, the Board's review indicated that the policy concerns had not been fully integrated into the project formulation process and implemented accordingly. The Administration attributed this to the staffing position and the workload.

62. The Board noted that a major constraint in the implementation of the policy on women was the lack of adequate sex/age disaggregated statistics for proper needs assessment on which the plans for implementation could be based. In spite of repeated requests of the Refugee Women's Unit, the field and desks did not always collect and use age and sex disaggregated data for needs assessment and programme planning, and even if the statistics were collected in many programmes, they were not utilized effectively.

63. The Administration reported that a directive had been issued with a requirement that country operations plans incorporate programme concerns relating to refugee women in their programme design. Efforts were also under way to incorporate some guidelines under the operations management system for guidance to the country operations programmers on how to incorporate policy priorities and guidelines in the planning.

64. The Board recommends that the Administration take prompt and effective steps to ensure that adequate sex/age disaggregated statistics are collected and used in the formulation of programmes for women.

4. Refugee children

65. UNHCR policy guidelines on refugee children, initially framed in October 1993, require that the rights of the child continue to be fully interpreted in its policies and programmes and that operational methods for assessing the needs of child and adolescent refugees be improved and that implementing partners be trained accordingly. The Board noted that in 1997 the Inspection and Evaluation Service of UNHCR had found that the needs and rights of adolescents (13-18 years) were not adequately addressed in a majority of refugee situations.

66. In July 1997, following the issue of a United Nations study on the impact of armed conflict on children, prepared by the expert of the Secretary-General, Ms. Graça Machel, (the Machel report) (see A/51/306 and Add.1), the High Commissioner asked each field office to prepare, by the end of September 1997, a plan of action for implementing the recommendations of the Machel report and to concentrate on five areas of particular and immediate concern, namely, adolescents; sexual exploitation; education; prevention/monitoring of military recruitment of children; and unaccompanied children.

67. The Board noted that by the end of April 1998 only 54 of the 90 UNHCR offices had responded and only 11 of them had done so by the due date.

68. In July 1997, the High Commissioner had also urged that the implementing partners be closely associated with the implementation of the recommendations in the Machel report. The Board is pleased to note that UNHCR and the International Save the Children Alliance were developing a joint training programme for the staff of UNHCR and the implementing partners on issues raised in the Machel report, such as working with demobilized child soldiers, and prevention of exploitation of refugee children. The first pilot training took place in May 1998 in Addis Ababa, the second in June 1998 in Pakistan and the third was scheduled for July 1998 in the region of the Commonwealth of Independent States.

69. The Board recommends that UNHCR encourage all field offices to respond to the High Commissioner's request so that it can make a full assessment of the work required and funds needed to implement the Machel report on refugee children.

5. Environment

70. An Environment Unit has been set up in UNHCR with an Environmental Coordinator to act as a focal-point. The unit is responsible, *inter alia*, for monitoring, evaluating and reporting on activities relating to implementation of UNHCR environmental policy.

71. The Board noted that the Environment Unit had done good work in creating a geographic information system to evaluate the environmental impacts in several countries.

71. The Board noted that the Environment Unit had done good work in creating a geographic information system to evaluate the environmental impacts in several countries.

72. The Board considered, however, that there were areas where improvements were required in UNHCR environmental policy. The Board noted, for example, that in 15 projects related to the Great Lakes region examined by the Board, environmental issues had not been considered in the project descriptions of 14 projects. The Board also noted that, despite the existence of a separate Environment Unit, UNHCR did not have a comprehensive appraisal system to monitor the implementation of environmental guidelines.

73. The Administration informed the Board that a number of comprehensive refugee assistance projects in Great Lake countries include environmental components. The Administration also stated that the guidelines had been sent to all branch offices and were expected to be referred to; a checklist had been developed for use by the Inspection and Evaluation Services to monitor the implementation of the policy and that the latter had used it in its Tanzanian and Rwandan missions. The Administration also stated that with the introduction of the operations management system, systematic project appraisal should be addressed more effectively.

74. The Administration informed the Board that besides the activities included in the country operation plans, specific environmental projects were being supported by the Environment Unit from the Environment Trust Fund administered by the Unit: 10 such projects with an outlay of $1.75 million were funded by the Unit during 1997. The Board reviewed project files pertaining to 9 of the projects and noted that project monitoring reports had not been received in any of the cases; the Administration subsequently informed the Board that reports of 5 out of 10 had not been received. The Board also noted that in the monitoring reports submitted by the field offices, there was no provision for separate reporting on environment related matters. As a result, it was difficult to form a view on environmental aspects in UNHCR programmes implemented in the field.

75. The Board recommends that the Administration develop a comprehensive monitoring and evaluation system to ensure that the concerns envisaged in the environmental policy are addressed adequately.

6. Procurement

76. The Board noted cases of poor control exercised by branch offices over procurement, as indicated below.

77. In July-August 1997 a UNHCR branch office purchased seven light vehicles for $230,741 for a care and maintenance project. The Board noted that this was contrary to the letter of instruction, which only provided for renting the vehicles and not for their purchase. The emergency team leader had placed the orders in July 1997 for the local purchase of the seven vehicles, without waiting for clearance from headquarters. No requests for quotation were issued to selected suppliers and no competitive bids were obtained.

78. The Board also noted that eight vehicles had already been made available for this project and therefore the vehicles purchased were additional to requirement.

79. In a sub-project for health care of 82,000 refugees in the same branch office, despite the requirement to submit purchase plans to headquarters in November 1995 the medicines were delivered in March 1997, almost three months after the termination of the sub-project.

80. The Board also noted that in October 1997 the Administration procured three vehicles costing $99,903 for the implementing partners from the local market instead of following the normal procedure of procurement through the Supply and Transportation Service, resulting in an additional cost of $18,000.

81. The Board recommends that the Administration ensure that the branch offices adhere more closely to the established procurement procedures and to the terms of letter of instruction.

Lease of building

82. The regional office at Kinshasa, Democratic Republic of the Congo, entered into a lease agreement to rent an office building with an occupancy schedule from 1996. The Board noted that UNHCR had paid advance rent for 12 months and an interest-free security deposit of rent for 3 months (total $120,000) in June 1996, but did not occupy the building until one year later in June 1997. The lease agreement did not specify details of the space leased and did not exempt UNHCR from liability for taxes.

83. The Board recommends that the Administration examine the circumstances of the case for appropriate action.

7. Asset management

Implementation of MINDER

84. The asset tracking system, MINDER, was introduced in 1995 to record and verify all non-expendable assets held by UNHCR and its implementing partners. Although implementation continued throughout 1995, 1996 and 1997, the Board observed that the field offices had taken action only on the initial phase of implementation, that is, the recording of assets. The system also provided for physical inventory check using the bar code readers. The Board had recommended in its 1996 report that physical verification of all assets, including those not recorded in the system, should be completed expeditiously. The Board noted, however, that this had not been implemented at April 1998.

85. The Board noted that the progress in recording of assets remained slow and by December 1997, 25 out of 134 field offices had yet to implement the system. By September 1997, 43,508 assets with a total value of $233 million had been entered into the system, compared with 37,828, with an estimated acquisition value of $208 million at 31 December 1996. In November 1997, the Administration informed the Board that efforts were being made to obtain initial databases and subsequently update the existing databases to perform a

worldwide consolidation by 31 December 1997. The Board noted, however, that there had been little progress in that direction, since the value of assets recorded in MINDER at 31 December 1997 increased to only $234.25 million.

86. The recording of assets held with the implementing partners has also been slow. Although the Administration estimated that about 80 per cent of the assets were with the implementing partners, they accounted for only about 25 per cent of the assets recorded in MINDER.

87. The Board noted that there had been problems in implementing the physical verification aspect of MINDER. Physical verification at headquarters had started only in December 1997. In the field offices no physical verification had been undertaken because of delay in delivery of bar code readers on account of technical difficulties and customs clearance problems. The bar code readers were sent to field offices in August 1997 together with the most recent upgrade of the MINDER system.

88. The Board was pleased to note that UNHCR had taken action to review the zero value assets (11,753 in 1996) and by December 1997 the number was brought down to 5,507.

89. The Board was concerned, however, that the shortcomings in recording and verification of assets had led to incomplete disclosure of non-expendable property in the financial statements. The Board considers that the absence of proper and complete records created risks in the safe custody of the assets.

90. The Board recommends that the Administration take prompt action to complete the installation of MINDER in all field offices and implement all aspects of the system, so that the records correctly reflect the assets held by UNHCR and with the implementing partners, and improve control over the physical assets.

8. Internal audit

91. Following a response from the Advisory Committee on Administrative and Budgetary Questions (see para. 5 above), the Board reviewed the implementation of the internal audit arrangements flowing as a result of the memorandum of understanding between UNHCR and the Office of Internal Oversight Services.

92. The memorandum of understanding, signed in April 1997 between UNHCR and the Office of Internal Oversight Services, provides that:

(a) The Office of Internal Oversight Services will provide internal audit services to UNHCR for the audit of the voluntary funds administered by the High Commissioner;

(b) A dedicated audit section within the Audit and Management Consulting Division of the Office of Internal Oversight Services will be formed with at least 12 Professional staff, including a chief at the D-1 level. Some of the staff will be assigned as resident auditors in the field;

(c) Audit coverage will aim at an average cycle of three years. The major and higher risk operations will be audited more frequently, while low risk and low volume operations will be covered less frequently;

(d) UNHCR and the Audit and Management Consulting Division will create a common database on audit communications issued and the status of implementation;

(e) Procedures for communicating audit findings to management would be drawn up.

93. The Board noted that one of the posts at Geneva has been reclassified at D-1 level. Of the four additional Professional staff required to be appointed as a result of the memorandum of understanding, the positions of two, namely resident auditors in Nairobi and Abidjan, were advertised in March 1998. The auditors were expected to be in position by the end of 1998, thus bringing Professional staffing levels to a total of 10. The Office of Internal Oversight Services informed the Board that filling the remaining two posts of resident auditors at the P-3 level envisaged in the memorandum of understanding would depend on the future level of UNHCR operations and its funding perspectives.

94. A draft medium-term audit plan, covering the period from 1998 to 2001, has been developed, but needs further refinement and reassessment of risk factors before being finalized and submitted to the UNHCR Oversight Committee.

95. According to the draft medium-term audit plan, risk rates have been assigned to UNHCR field offices and country programmes. An audit cycle and budget in terms of number of days have been planned for each office/programme. The regular audit cycle is every four years. For most regional offices, the audit cycle is two years. For small country programmes with no established UNHCR office in the country, it was kept at eight years. The Office of Internal Oversight Services expects that this can be achieved with the staffing levels expected by the end of 1998.

96. The Office of Internal Oversight Services stated that although its data and those of UNHCR on the status of implementation of audit recommendations are continuously reconciled, additional efforts are needed to create a common database as envisaged by the memorandum of understanding.

97. Since not enough time has elapsed after the signing of the memorandum of understanding, the Board will further review the implementation of the memorandum of understanding in its future audits.

9. Year 2000 issue

98. The Board has assessed the preparedness of UNHCR for managing the year 2000 issue, which threatens all information systems. The Board noted that UNHCR had prepared an inventory of the information system applications and had assessed them for year 2000 compliance. It had also started the process of conversion and replacement of those units of their system applications that were not year 2000 compliant. The Administration informed the Board that

the test platform for year 2000 compliance would not be available until late autumn 1998, when the United Nations International Computing Centre would provide the mainframe for testing.

99. The Board recommends that UNHCR ensure that all systems are tested for year 2000 compliance with sufficient lead time to address any deficiencies.

10. Cases of fraud and presumptive fraud

100. The UNHCR Administration informed the Board that no cases of fraud and presumptive fraud had come to its notice during 1997.

D. Acknowledgement

101. The Board wishes to express its appreciation for the cooperation and assistance extended to the auditors by the High Commissioner and her officers and their staff.

(*Signed*) Vijay Krishna Shunglu
Comptroller and Auditor General of India

(*Signed*) Osei Tutu Prempeh
Auditor-General of Ghana

(*Signed*) Sir John Bourn
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

15 July 1998

ANNEX

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 1996

I. RECOMMENDATION 10 (a)

1. UNHCR should ensure that audit certificates are submitted by the implementing partners in sufficient time for the Administration to have the necessary assurance about the regularity, compliance and propriety of the expenditure incurred by the implementing agencies and reflected in the financial statements.

Measures taken by the Administration

2. As a first step to ensure that audit certificates are submitted by the implementing partners, UNHCR has decided to make the audit certification clause mandatory for all the projects as of 1 January 1997. Furthermore, UNHCR has decided, as of 1 May 1998, to differentiate between the various categories of implementing partners for audit purposes, as follows:

(a) United Nations and related agencies, for which no additional audit certification will be sought by headquarters other than the annual audited financial statements by the same or comparable authority that audits UNHCR accounts;

(b) Governmental partners, for whom an audit certificate is now required within three months of the final date for liquidation of commitments;

(c) International non-governmental organizations, for which audit certificates are required within six months of the end of the organization's fiscal year;

(d) National non-governmental organizations, for which audit certificates are required within six months of the final date for liquidation of commitments for all sub-agreements, or series thereof, valued at over $100,000 in any given year.

UNHCR was also establishing a comprehensive non-governmental organization database, which will include financial information about non-governmental organizations, in particular their ability to comply with UNHCR reporting and audit requirements.

Comments of the Board

3. The Board appreciates the steps taken by UNHCR. The Board considers that where projects with an annual limit of less than $100,000 are effectively rolled over from year to year they should be audited at least once during their lifetime. The Board will further monitor progress in this matter. The Board has also commented on this issue in the present report.

II. RECOMMENDATION 10 (b)

4. The UNHCR Administration should urgently review the present system of recording of expenditure by implementing partners. The Administration should also ensure that all outstanding financial reports are received from implementing partners and are used for adjusting the funds in the memorandum suspense account in the Financial Management Information System after proper verification of those reports.

Measures taken by the Administration

5. According to the Administration the majority of outstanding reports from implementing partners in respect of projects implemented in 1994, 1995 and 1996 had been received as of June 1998 and processed in the Financial Management Information System. Owing to technical constraints, some 4 to 5 per cent of instalments paid to implementing partners in respect of 1994, 1995 and 1996 projects have not yet been cleared. The manual processing of expenditure reports received from implementing partners continues, and it is expected that all but 1 per cent will have been cleared by the end of 1998. Instalments paid to implementing partners under 1997 projects remain in the memorandum suspense account primarily because the liquidation period for the majority of 1997 projects runs at least until 31 March 1998. Reports would therefore have been received and processed in the field during April and May 1998.

Comments of the Board

6. The Board appreciates the action taken and will monitor the issue. The Board has also commented on these issues in the present report.

III. RECOMMENDATION 10 (c)

7. UNHCR should focus more attention on timely review and cancellation of obligations no longer required.

Measures taken by the Administration

8. The newly established Project Unit has been made responsible for reviewing the obligations levels and ensuring that obligations are cancelled as soon as they are no longer required. There has been a constant decrease in the amount remaining as unliquidated at the end of the year and the percentage it represents compared with the total expenditures for the same year.

Comments of the Board

9. The Board has commented on the issue in the present report.

IV. RECOMMENDATION 10 (d)

10. Programme delivery and administrative support costs in the budgets of various country programmes should be reviewed and norms should be established.

Measures taken by the Administration

11. Programme delivery and administrative support costs for the period from 1994 to 1996 were reviewed and proposals were being considered to give a more realistic picture of these costs. UNHCR has also decided to cap general programmes posts at 1 January 1998 levels. Programme delivery and administrative support costs are examined throughout each year but particular attention is paid to the level of these costs during the annual budget review. Although the level of programme delivery and administrative support costs needs to be controlled, UNHCR does not generally establish norms for these costs in relation to those of operational projects. Many of the costs budgeted under programme delivery, in particular, including those activities that UNHCR is mandated to carry out, do not represent additional costs that can be Afixed@ on a regional or country basis. Administrative support costs, on the other hand, do constitute an overhead and norms can be established in relation to the size of programme delivery and operational projects. UNHCR has recently agreed to harmonize its budget structure with that of some other United Nations agencies. When that exercise is completed, the norms of administrative costs in relation to those for operations can be established and maintained.

Comments of the Board

12. The Board will monitor the progress.

V. RECOMMENDATION 10 (e)

13. Project objectives should be clearly defined and quantified so that there is no conflict between objectives and inputs and the executing agency has a clear idea of the targets to be achieved at the end of the project period.

Measures taken by the Administration

14. According to the Administration the programme management system that UNHCR has used for many years is based upon the principle of management by objectives. The budgeting system, however, remains oriented around quantifiable inputs rather than impact and achievements. The need to base both operations planning and budgeting on clearly defined objectives that are quantifiable and verifiable was identified at the inception of the change process and is one of the principal components of the operations management system which is under development. Both the planning methodology and the budgeting system within the new system will be output-oriented at all levels, from the overall goal of the operation to the objectives established with implementing partners for the components of individual projects. A new format for the annual country operations plans was introduced in 1998 to encourage offices to develop country objectives and identify progress indicators. This will be further developed in future reporting exercises.

Comments of the Board

15. The Board will monitor the progress made in this regard.

VI. RECOMMENDATION 10 (f)

16. Pending the introduction of the new operations management system, preparation of work plans should be strengthened and made more programme specific and should include appropriate performance indicators.

Measures taken by the Administration

17. UNHCR stated that it encouraged its field offices to establish work plans with implementing partners on a sub-project basis whenever it could be beneficial. In a broader context it added little value to the operations and was therefore made optional. However, the instruction on work plans in the context of the operations was being reviewed and it was planned to reintroduce that component as a planning and monitoring tool within the new system.

Comments of the Board

18. The Board will review the progress made in this regard.

VII. RECOMMENDATION 10 (g)

19. Sub-project descriptions should be specific, with clear identification of the nature of assistance and the implementing partners' responsibilities, and should include appropriate performance indicators for the purpose of monitoring.

Measures taken by the Administration

20. UNHCR stated that the Financial and Management Information System required a very close link in project documents between the budget and the narrative which described activities. While that link facilitated financial monitoring, it did not always lend itself easily to comprehensive and clear description of all activities. That was a recognized weakness that would be addressed in the new operations management system. One of the aims of that system was to devote greater attention to the project description, which should include more detailed description of the activities to be carried out and the means to monitor progress. UNHCR hoped to introduce that in the 1999 programme documents.

Comments of the Board

21. The Board will monitor progress.

IV. RECOMMENDATION 10 (h)

22. The Administration should intensify its efforts to obtain project monitoring reports.

Measures taken by the Administration

23. While accepting that recommendation, UNHCR indicated that delays arose owing to various factors, including late submission of financial reports from implementing partners. It was taking steps to screen the implementing partners in the light of their ability to produce timely financial reports, and its new budgeting process/structure would seek to simplify the exchange of financial data between UNHCR and its partners to facilitate more rapid reporting.

Comments of the Board

24. The Board will review the action taken by UNHCR in future audits.

IX. RECOMMENDATION 10 (i)

25. UNHCR should establish procedures to ensure that quick-impact programmes generate results within a limited period.

Measures taken by the Administration

26. The Administration stated that quick impact projects were often very successful in facilitating the return and reintegration of refugee populations back into their own countries. Where they were unsuccessful, there were often constraints that were unrelated to the project design. Those included security problems, insufficient funding, lack of implementing partners and disputes concerning land ownership. Despite those difficulties, the concept of quick impact projects remained an important aspect of UNHCR efforts to assist in the reintegration of returning refugees. In 1997, a special unit within the Programme and Technical Support Section was created to assist managers with the formulation of reintegration strategies, including quick impact projects. The unit had issued a manual on self-reliance and employment within that context, which supplemented guidelines issued earlier on related topics.

Comments of the Board

27. The Board will review this in its future audits.

X. RECOMMENDATION 10 (j)

28. The progress already achieved in obtaining annual purchasing plans from field offices should be continued by covering even more field offices.

Measures taken by the Administration

29. At the start of the period, the Supply and Transport Service had received less than 22 per cent of the anticipated purchasing plans from the field offices. In view of the poor response and in the absence of a clear *raison d'être* for the plans, the requirement had actually been dropped from the 1995 programmes exercise. The purchasing plans instructions in the 1996 exercise had been substantially revised: as a result purchasing plans were received from 37 countries. Improvement was made to the instructions in the 1997 exercise and 55 plans (approximately 80 per cent of the anticipated

total) were submitted; an additional 15 countries confirmed that they foresaw no procurement. Further changes were introduced to the 1998 purchasing plans. Taken together, those changes had facilitated the completion of the plans by programming staff and improved the quality of the information received. UNHCR expected that the current positive trend would continue and when the implementation of the supply chain project (for redesigning the procurement process) was completed in the year 2001, UNHCR would have fully complied with the auditors' recommendation.

Comments of the Board

30. The Board appreciates the progress made and looks forward to the full implementation of the recommendations.

XI. RECOMMENDATION 10 (k)

31. The Administration should issue guidance to all field offices and requesting units at headquarters on the need to prepare the terms of reference of the consultancy contract in a more precise and output-related manner and to include objectives, targets and delivery dates with deliverable/measurable outputs.

Measures taken by the Administration

32. UNHCR had reminded all its field offices and requesting units at headquarters of the need to adhere to basic principles in the recruitment of consultants. UNHCR had also presented a report to the Executive Committee's Standing Committee at its 11th meeting, in April 1998. The report detailed the procedures currently in effect for engagement of consultants and the action that had been taken to address the auditors' concerns. According to the report, where the service was an end product the terms of reference could be very specific in describing the service in quantitative and qualitative terms, as well as in delineating a delivery timetable. However, many consultancies contracted by UNHCR required the continuous or phased delivery of services over varying periods, which might or might not be consecutive. UNHCR stated that it ensured that the competent technical section compiled or reviewed the terms of reference and the consultant was provided with, and was fully aware of, the context in which his or her services were engaged. The various technical units provided not only the terms of reference, but also the supporting documentation, which put the consultancy in context, as well as continuous technical supervision. That enabled UNHCR to take early corrective or remedial action to reorient, extend or curtail a consultancy when circumstances had changed.

Comments of the Board

33. The Board will further review the efficacy of the working of the system.

XII. RECOMMENDATION 10 (l)

34. Within its decentralization plans, UNHCR should ensure that a central roster is maintained with up-to-date information.

Measures taken by the Administration

35. In its report submitted to the Executive Committee at its forty-eighth session, UNHCR stated that, within the decentralization plans, it intended to develop software that would ensure that personnel information could be updated at headquarters and in the field and that access to that information would be worldwide. It further stated that although the information in the roster would be held in a central data bank it could be updated by sections/units responsible for input on technical qualifications.

36. In its report submitted to the Executive Committee's Standing Committee at its 11th meeting in April 1998, UNHCR stated that the concern that the proposed decentralization of the administration of consultants could weaken the process would be addressed by ensuring that the technical sections maintained files containing performance records related to previous consultancies. In addition, the computerized roster records, which had been maintained by the Division of Human Resources Management in the past, would continue to be kept on a centralized database. Each major unit using consultants would have access to this database and would be able to access records on previous contracts. UNHCR further stated that the Division of Human Resources Management would retain responsibility for the important activities, namely, grading consultants on the basis of their qualifications and relevant experience and carrying out periodic reviews of the records maintained by units engaging consultants to ensure compliance of records and documentation required for audit purposes.

Comments of the Board

37. The Board takes note of UNHCR efforts to effect improvement in this area.

XIII. RECOMMENDATION 10 (m)

38. The MINDER system should be upgraded to enable electronic transfer of data from the procurement system to the assets management system.

Measures taken by the Administration

39. UNHCR stated that it was currently engaged in renewal of its corporate systems in headquarters and in the field and was reluctant to invest any additional funds in the upgrading of the present MINDER system. The objective of the audit recommendation, however, was recognized and had been incorporated into UNHCR plans for its new systems. Those would allow the electronic transfer of data from the procurement system to the asset management system. Current work on the supply chain project would include the logistic aspect of UNHCR assets. The new financial management information system would cover UNHCR assets from the financial viewpoint. When the new systems were in place, the tracking of assets would be greatly enhanced.

Comments of the Board

40. The Board will monitor the progress made in the matter.

XIV. RECOMMENDATION 10 (n)

41. Physical verification of all assets, including those not recorded into the system, should be completed expeditiously.

Measures taken by the Administration

42. UNHCR informed the Board that to give effect to the recommendation, bar code readers were sent to field offices in August 1997, together with the most recent upgrade of the MINDER software. The delay in sending the bar code readers to the field was due to technical difficulties with both the software and the hardware. A further delay was encountered with the customs clearance of the equipment in a number of countries. In those countries, electronic equipment required that exemption certificates be requested and issued by the competent government departments. UNHCR further stated that the physical check of assets at headquarters started early in December 1997, as part of the year-end closure exercise, field offices were carrying out physical checks of assets that had been recorded into MINDER and consolidated results of the stocktaking exercise would be known at the beginning of the second quarter of 1998.

Comments of the Board

43. The Board has commented on this subject in the present report.

CHAPTER II

AUDIT OPINION

We have audited the accompanying financial statements, comprising statements I to III, schedules 1 to 10, the appendix and the supporting notes to the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the period from 1 January to 31 December 1997. These financial statements are the responsibility of the High Commissioner. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis and as considered by the Board of Auditors to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the High Commissioner, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all respects, the financial position at 31 December 1997 and the results of operations and cash flows for the period then ended in accordance with UNHCR stated accounting policies set out in note 2 to the financial statements which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the High Commissioner, which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Legislative Authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees.

(*Signed*) Vijay Krishna Shunglu
Comptroller and Auditor General of India

(*Signed*) Osei Tutu Prempeh
Auditor-General of Ghana

(*Signed*) Sir John Bourn
Comptroller and Auditor General
of the United Kingdom and Great Britain
and Northern Ireland

15 July 1998

CHAPTER III

STATEMENT OF THE HIGH COMMISSIONER'S RESPONSIBILITIES AND APPROVAL OF THE FINANCIAL STATEMENTS

The United Nations High Commissioner for Refugees is ultimately responsible for the content and integrity of the financial statements contained in the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees which are submitted to the Executive Committee of the High Commissioner's Programme and to the General Assembly of the United Nations.

To fulfil its responsibility, UNHCR operates within prescribed accounting policies and standards and maintains systems of internal accounting controls and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to reviews by the United Nations Audit and Management Consulting Division of the Office of Internal Oversight Services and the United Nations Board of Auditors, during their respective audits.

In this context, the following appended financial statements, comprising statements I to III, schedules 1 to 10, the appendix and supporting notes, were prepared in accordance with the UNHCR Financial Rules (A/AC.96/503/Rev.6) and the United Nations System Accounting Standards. In Management's opinion, the accompanying financial statements present fairly the financial position of the Office as of 31 December 1997 and 1996, and the results of its operations and its cash flows of individual programmes, funds and accounts for the years then ended.

The accounts are hereby:

Certified:
(*Signed*) Jean-Marie **Fakhouri**
Controller and Director

Approved:
(*Signed*) Sadako **Ogata**
United Nations High
Commissioner for Refugees

Geneva
26 February 1998

CHAPTER IV

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

NOTES TO THE FINANCIAL STATEMENTS

(See document A/AC.96/899, *Voluntary Funds Administered by the United Nations High Commissioner for Refugees - Accounts for the year 1997*)

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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Forty-ninth session

REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FOR THE PERIOD ENDED 31 DECEMBER 1997

Addendum 1 - Measures taken or proposed in response to the recommendations in the Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1997.

GE.98-02619

I. INTRODUCTION

1. In accordance with paragraph 10 of General Assembly resolution 47/211 of 23 December 1992, the following is a report on measures taken or to be taken by UNHCR in response to the Recommendations of the Board of Auditors, as set out in paragraph 11 of their Report (A/AC.96/901). Unless indicated otherwise, all references in the text relate to this document.

Financial management

II. RECOMMENDATION 11 (a)

2. Review the present method of recognition of income so that its accounting policies and practices follow the United Nations Accounting Standards (para. 16).

Measures Taken by the Administration

One of the fundamental accounting assumptions contained in the general framework of the United Nations Accounting Standards (UNAS) is that an accrual basis of accounting for revenue is used, i.e. income is recognized when it is due and not when it is received. Accordingly, UNHCR follows the accrual basis of accounting for revenue and for expenditure, which provides for proper matching of revenues and costs. This is also in accordance with the Generally Accepted Accounting Principles (GAAP) and International Accounting Standards (IAS).

Paragraph 35 of the UNAS states, however, that voluntary contributions to fund specific activities should only be recorded when received (cash basis of accounting). The current UNHCR system for recording income for Special Programmes is in accord with its Financial Rules approved by the Executive Committee of the High Commissioner's Programme. The application of the cash basis of accounting to Special Programmes would have the following implications for UNHCR:

(a) UNHCR will not be able to undertake any of its other mandated activities, referred to as Special Programmes, until the cash is actually received. This will severely hamper the ability of the High Commissioner to finance these programmes and is likely to cause ineffective and inefficient operations, as the delay in receiving cash may require programmed activities to stop, then restart, then stop and restart again. This approach would represent a backward step in terms of the efficient and effective use of pledged resources.

(b) For UNHCR there is no difference in the collection rate or pattern between Special Programme pledges and General Programme pledges which would justify recording income on a different basis. Good accounting practice requires income to be recognized when it can be measured reliably and it has a sufficient degree of certainty. Both of these criteria justify recognition of Special Programme pledges at the time the pledge is received.

(c) A consequence of following the audit observation would be that the accounting rules for recognition of income under General and Special Programmes would be different. Having two income recognition rules will add unnecessarily to the complexity of UNHCR's internal accounting procedures.

In view of the above, UNHCR will request guidance from the ACABQ and its Executive Committee on the Board of Auditor's recommendation. UNHCR is of the opinion that its current practice, which is in accord with its Financial Rules, also corresponds to donors' intentions. UNHCR is also of the opinion that the GAAP and IAS do not distinguish as to the purpose of a contribution for its recognition as income.

III. RECOMMENDATION 11 (b)

3. Focus attention on timely review and cancellation of obligations no longer required (para. 32).

Measures Taken by the Administration

As mentioned in UNHCR's reply to the same recommendation made for the 1996 year, the recently established Project Unit has been made responsible for reviewing the obligations levels and ensuring that obligations are cancelled as soon as they are no longer required. Unliquidated obligations are constantly under review and amounts no longer needed are immediately cancelled. Progress in this regard is reflected in the continuing decrease in the amount remaining as unliquidated at the end of the year and the percentage it represents as compared to total expenditures for the same year.

Notwithstanding these improvements, UNHCR will request its field offices, in the year-end closing instructions, to set out well-founded arguments when requesting the retention of unliquidated obligations. In the absence of such well-founded reasons, cancellations will be effected automatically at the year-end closure of accounts.

Management issues

IV. RECOMMENDATION 11 (c)

4. Ensure timely submission of sub-project monitoring reports and ensure that funds are disbursed to the implementing partners only when required (para. 43).

Measures Taken by the Administration

Once project activities begin, implementing partners must submit sub-project monitoring reports when requesting an instalment. For a variety of reasons, implementing partners sometimes face difficulties in submitting this report quickly. Such problems include budgeting in more than one currency, (whereby agencies may have to report in a local currency at the project site and in a second currency from their headquarters) and delays in receiving final invoices from vendors. UNHCR recognizes, however, that the problems resulting from late receipt of financial reports have increased as the number of implementing partners has grown and is taking the following steps to overcome them:

(a) A database has been established to monitor certain aspects of the performance of NGO partners, including their ability to submit audit certificates and timely financial reports. If agencies are unable to meet their contractual responsibilities in this regard, UNHCR will not sign subsequent agreements with them.

(b) UNHCR has already decided to withhold instalments, as of September 1998, to those agencies which have not complied with the initial request to submit the basic information needed for the establishment of the above-mentioned database.

V. RECOMMENDATION 11 (d)

5. Monitor more closely the timing of project delivery, particularly in those projects which are time critical (para. 58).

Measures Taken by the Administration

There are many reasons why original project objectives have not always been met. Funds are often received late, which delays both the signing of sub-agreements and their subsequent implementation. Other reasons are due to the often difficult working conditions in which refugee programmes are implemented. This is particularly true for construction projects where problems of land ownership, lack of materials, an unskilled work force, fluctuating prices and unsuitable weather conditions combine to make a 12 month project cycle often unrealistically short. UNHCR will continue to balance beneficiary needs against what can realistically be achieved when setting objectives, but targets will not always be met for complex initiatives in problematic areas.

Other delays in project implementation have been due to UNHCR's internal procedures. These have largely been addressed and improvements made. The time required to prepare and dispatch Letters of Instruction has been significantly shortened. The programme cycle was changed in 1997 to facilitate this. Budget decisions are now taken early in the year to allow sufficient time to prepare implementing instruments. Field offices now have greater flexibility to revise budgets locally, which reduces the need to submit amendments back to Headquarters. The circulation procedures at Headquarters for new and revised Letters of Instruction have also been shortened. In the future, there should be few, if any, difficulties in having Letters of Instruction received in field offices by the beginning of each year, unless there are no funds available or there have been developments at the end of the preceding year which significantly changed the project objectives.

VI. RECOMMENDATION 11 (e)

6. Take prompt and effective steps to ensure that adequate sex/age disaggregated statistics are collected and used in the formulation of programmes for women (para. 64).

Measures Taken by the Administration

The establishment of any assistance programme is based on the needs of the population, including women and children. For example, in a camp situation, those responsible for programmes concerning the nutritional status of children, vaccination or reproductive health collect the necessary information, including statistics on women and children, to establish, monitor and evaluate their programmes. Therefore, the sex and age distribution is known for most of the refugees who are living in developing countries where they are assisted by or through UNHCR. Increasingly, refugee statistics by sex and age groups are made available through UNHCR's reporting to the Executive Committee and in other documentation (see, for instance, Refugees

and Others of Concern to UNHCR, 1997 Statistical Overview, Tables 7 to 12). The use of sex disaggregated information in programme planning is encouraged, inter alia, through the People Oriented Planning training programme and will be enhanced by the new Operations Management System (OMS) planning and implementation mechanisms. However, in most of the more developed countries where Governments are responsible for refugee registration and assistance, refugee statistics disaggregated by sex and age are usually not made available and/or not reported to UNHCR.

VII. RECOMMENDATION 11 (f)

7. Encourage all field offices to respond to the High Commissioner's request so that it can make a full assessment of the work required and funds needed to implement the Machel report on refugee children (para. 69).

Measures Taken by the Administration

In June 1998, a memorandum was issued to all Representatives and Chiefs of Mission requesting that they provide a progress report on the implementation of their country-based Machel Study plans of action. As of 14 August 1998, 57 responses had been received indicating the level to which offices had managed to address these issues in their country programmes. Further steps have been taken to improve this response rate.

In the progress reports, numerous offices indicated that given the 1998 funding shortfall, they had to reduce their operational budgets, thereby curtailing Machel Study-related activities. Some country programmes, particularly those with major ongoing child protection concerns, have managed to maintain a priority focus on these issues, despite diminished resources. Rwanda, though obliged to reduce its budget by 45 per cent, has maintained extensive programmes for unaccompanied children, as have Burundi and the Democratic Republic of the Congo.

A $ 4.23 million contribution from the United States Government has been especially helpful in ensuring implementation of Machel Study plans of action, in full partnership with non-governmental organizations (NGOs). These funds resulted from congressional legislation in the United States which appropriated up to $ 5 million in 1998 to support programmes initiated through UNHCR for at-risk refugee children. Contributions from Denmark, Norway, Sweden and the United States also enabled the Office to develop additional efforts linked to UNHCR's Machel Study follow-up strategy, including the establishment of four Regional Policy Officers for Refugee Children, the Action for the Rights of Children training programme, and conflict resolution and peace education initiatives. Similar contributions will be required to continue these efforts into 1999, allowing UNHCR compliance with the Board of Auditor's recommendation.

VIII. RECOMMENDATION 11 (g)

8. Develop a comprehensive monitoring and evaluation system to ensure that the concerns envisaged in the environmental policy are addressed adequately (para. 75).

Measures Taken by the Administration

Efforts are being made to ensure that environmental concern is appropriately incorporated in the field operations through the inclusion of environmental components in the OMS tools, provision of environmental training to the staff of UNHCR and its implementing partners (starting in October 1998), promoting field model environmental projects, supporting field environmental workshops and deploying field environmental coordinators.

The Environment Unit has been able to monitor and evaluate environmental initiatives at the field level through the above mentioned activities. A more comprehensive monitoring and evaluation system, however, is needed and will be developed as follows:

(a) The Environment Unit will initiate a survey this autumn to ask relevant field offices how the Environmental Guidelines respond to their operational needs. This survey will cover all the field offices where environmental problems are envisaged, including the field offices not covered by the above mentioned activities.

(b) Depending on the result of the above mentioned survey, it is also planned to establish a mechanism to more systematically monitor and evaluate the implementation of the environmental policy and Guidelines.

IX. RECOMMENDATION 11 (h)

9. Take prompt action to complete the installation of MINDER in all field offices and implement all aspects of the system, so that the records correctly reflect the assets held by UNHCR and with the implementing partners, and improve the control over the physical assets (para. 90).

Measures Taken by the Administration

UNHCR has conducted an analysis of the available data and the results show that approximately 90 per cent of the unrecorded assets are in 13 countries. The problem not only lies in the installation of MINDER but also in the physical check of inventory, or, more specifically, the lack of manpower for a full time initial input/physical check of inventory. In the first phase, a two man task force (one MINDER expert and one physical checker) will undertake a mission to each of the identified countries with a focus on carrying out a physical check of all assets and the setting up MINDER, including both the installation and on the job input and training. The cost of these missions is estimated at $ 200,000 which is a minimal cost in comparison with the benefit to UNHCR. In a parallel phase, the Asset Management Unit (AMU) will follow-up from Headquarters on a scheduled basis with the smaller country offices to ensure completion of their physical check and MINDER installation (i.e. focus on one country per week until fully completed). Additionally, guidelines on a systematic approach to asset management will be produced (i.e. mandatory annual physical inspection, submission of diskettes to Headquarters for consolidation, and write-off procedures for items found missing during physical checks). In the second phase, regional training will take place for all country offices worldwide, not only to reinforce the training and procedures, but also to receive feedback from the field and make adjustments where appropriate.

Funding will be secured within existing resources and the plan will be implemented within the next six to eight months. The AMU will soon start preparatory planning, such as briefing the Task Force, preparing MINDER technical requirements and working with each country office to finalize mission plans.

X. RECOMMENDATION 11 (i)

10. Ensure that all systems are tested for Year 2000 compliance with sufficient lead time to address any deficiencies (para. 99).

Measures Taken by the Administration

The Year 2000 compliance activities commenced at UNHCR approximately one year ago. Activities were grouped around six main areas: personnel computers, networks, core (host) systems, field systems, Intranet and telecommunications.

Significant work has already been completed in the field where computer systems have been checked and, where necessary, are being upgraded. Good progress is also being made in core systems at Headquarters. Many are in test stages. Field systems efforts are progressing steadily, in spite of limited resources. The area of concern is in relation to networking where plans for upgrading to Windows 95 and Netware 4x (compliant versions) are still being finalized.

The Office is confident, however, that system changes should be completed by the third quarter of 1999.

XI. OTHER SPECIAL AUDIT ISSUES

11. While the following issues were not raised by the Board of Auditors as specific recommendations requiring formal response and reporting, UNHCR is of the opinion that they merit some comment and that the views of the Executive Committee need to be sought.

Biennial reporting

12. In paragraph 18 of their Report, the Board of Auditors recalled that the General Assembly at its 52nd session endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions for UNHCR to consult with the Board of Auditors on the implications of submitting biennial reports instead of annual reports.

13. Under the current reporting arrangements, most United Nations Organizations report on a biennial basis, except for UNHCR, UNITAR and United Nations Peace Keeping Operations, which report on an annual basis. In the case of UNHCR, this annual reporting is in conformity with the existing Financial Rules for the Office.

14. UNHCR reports annually to its Executive Committee, including the presentation of Financial Statements for the year just elapsed. For Financial Statements to be complete and meaningful, they must be audited and an Audit Opinion issued. This represents a safeguard for donors, whereby funds received by UNHCR are certified as having been used for the purposes designated by donors, and, in addition, that the Financial Statements present fairly the financial position of the Organization at the end of the fiscal year.

15. UNHCR would appreciate guidance from the Executive Committee before engaging in further consultations with the Board of Auditors on this matter.

Implementing partners audit certification

16. In paragraph 21 of the Report of the Board of Auditors, the Board of Auditors recognize the progress made by UNHCR in securing the audit certificates to support advances made in earlier years. Nevertheless, the Board of Auditors have suggested that UNHCR should consider a further tightening of the six month time-frame for their submission. In conference room paper EC/48/SC/CRP.41, presented to the thirteenth meeting of the Standing Committee of the Executive Committee, a comprehensive update of actions taken on this matter was provided. Paragraph 7 of this conference room paper deals specifically with the time-frame issue.

17. UNHCR maintains that it is unreasonable, for a range of operational reasons, to request that implementing partner audit certificates be submitted in time for the Board of Auditors to be able to review them at the time that it carries out the audit of UNHCR for a given year. UNHCR recognizes that the availability of audit certificates at the time of the annual audit would facilitate the work of auditors in focusing their examinations. It should be recalled, however, that the accounts of UNHCR's implementing partners are accessible for examination by UNHCR's external and internal auditors at all times. Given the auditors' right to access such accounts, the audit certification of UNHCR should not be made contingent on the number of audit certificates available at the time of the audit exercise. UNHCR is committed to the submission of audit certificates by implementing partners, but within reasonable time-frames (which vary for the various categories of implementing partners), as indicated in the project agreements. The views of the Executive Committee would be appreciated on this issue.

Recording of advances to implementing partners

18. In the Report of the Board of Auditors for 1996 and paragraph 22 of this years' Report, the Board of Auditors noted the progress made by UNHCR in reconciling the amounts outstanding in "the memorandum suspense account" where UNHCR records advances to implementing partners from whom financial reports are due.

19. In this regard, the current situation is as follows:

(a) For projects implemented during the period from 1994 to 1996, the balance at 15 August 1998 was $ 61.3 million, as compared to $ 76.8 million when the audit report was issued and to $ 442.6 million as at 30 June 1997.

(b) For 1997 projects, the balance of $ 176.63 million reported by the Board of Auditors has been reduced to $ 86.4 million.

20. UNHCR is pleased to report to the Executive Committee that the unreconciled balances will be further reduced in the course of the year and that action to review the recording system of advances made to implementing partners has been initiated.

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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Forty-ninth session

REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FOR THE PERIOD ENDED 31 DECEMBER 1997

Addendum 2 - Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) to the General Assembly at its Fifty-third session (extract)*

* This document is an extract from the General Assembly Document A/53/513: Financial Reports and Audited Financial Statements, and Reports of the Board of Auditors - Report of the Advisory Committee on Administrative and Budgetary Questions.

GE.99-0127

1. In accordance with financial regulation 12.11, the Advisory Committee on Administrative and Budgetary Questions received the reports of the Board of Auditors on the most recent financial statements of the following entities to the General Assembly: the United Nations,[1] the International Trade Centre UNCTAD/WTO (ITC),[2] the United Nations University (UNU),[3] the United Nations Development Programme (UNDP),[4] the United Nations Children's Fund (UNICEF),[5] the United Nations Population Fund (UNFPA),[6] the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA),[7] the United Nations Environment Programme (UNEP),[8] the United Nations Habitat and Human Settlements Foundation,[9] the Fund of the United Nations International Drug Control Programme (UNDCP)[10] and the United Nations Office for Project Services.[11] In addition, the Advisory Committee had before it the Board's report on United Nations peacekeeping operations for the period from 1 January 1996 to 30 June 1997[12] and on the accounts for the year ending 1997 on the voluntary funds administered by the United Nations High Commissioner for Refugees[13] and on the United Nations Institute for Training and Research (UNITAR),[14] as well as the report of the Board on the management review of the secretariat of the International Civil Service Commission (A/52/811).

VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

2. On the subject of biennial auditing, the Advisory Committee notes the comments of the Board in paragraph 18 of its report on voluntary funds administered by UNHCR for 1997,[13] and regrets the delay in the consultations between the Board and the Office of the United Nations High Commissioner for Refugees (UNHCR). The Committee discussed the question with the Audit Operations Committee and also with representatives of the High Commissioner. The Committee raised a number of questions on the observations made by the UNHCR administration as contained in paragraphs 30-33 of document A/53/335/Add.1, section G. The Committee was not persuaded by the arguments put forward by the administration. The Committee sees no reason why a biennial certification of the financial statements would be of less value to donors (see A/53/335/Add.1, sect. G, para. 32), since that procedure is followed for the other major funds and programmes to which the same donors make voluntary contributions. Furthermore, a biennial audit would give the Office more time to implement recommendations of the Board. The procedure should also facilitate the timely submission of more audit certificates by implementing partners, thus addressing some of the concerns of the Board of Auditors (see para. 11 below).

3. Accordingly, the Advisory Committee recommends that UNHCR operations be audited biennially. The Committee further recommends that, like the United Nations, UNHCR provide interim unaudited financial statements every six months. The Committee also recommends that UNHCR and the Board discuss the modalities for planning for biennial audit. Should this recommendation be accepted by the General Assembly, the next audited financial statements would be submitted to the General Assembly at its fifty-fifth session to coincide with the biennial audits of the United Nations and those of other funds and programmes.

4. With regard to income recognition, the Advisory Committee exchanged views with members of the Audit Operations Committee and representatives of the High Commissioner on the observations and recommendations made by the Board

in paragraphs 12-16 of its report. The Committee also reviewed the comments of UNHCR in document A/53/335/Add.1, section G, paragraphs 1-4, and notes that the High Commissioner is seeking guidance from the Advisory Committee and the Executive Committee. The Advisory Committee had informed the Executive Committee that the Advisory Committee would report to the General Assembly and that its recommendations would be available to the Executive Committee, taking into account any decisions that may be taken by the General Assembly.

5. In the opinion of the Advisory Committee, the current classification of UNHCR programmes into general and special categories has led the Board to make the observation in paragraph 14 of its report. The Committee shares the reservations of the High Commissioner regarding the applicability of article 35 of the United Nations accounting standards to the current UNHCR special programmes. The Committee is of the view that income recognition for those special programmes should be on an accrual basis. However, article 35 should continue to apply to UNHCR trust funds, that is, income is recognized when received and commitment of funds should be based on income received.

6. In its recent report on the revised UNHCR budget for 1998 and initial estimates for 1999, the Advisory Committee made detailed recommendations on the reclassification of the UNHCR programmes. If the Executive Committee accepts them, the implementation of the Committee's recommendations will resolve the issue raised by the Board. The Committee will recommend that the High Commissioner avoid classifying UNHCR programmes as special and general. There will be a system of annual and supplementary programmes, the income for which will be recognized on an accrual basis.

7. In paragraph 15 of its report, the Board considers that contributions in kind should be recognized as income only when received. There are no specific comments on this in the comments of UNHCR. The Committee notes that the observation of the Board is in line with the financial rules for voluntary funds of UNHCR. Therefore, the Committee recommends that the Board's recommendation be fully implemented.

8. The Committee discussed the question of the timing of the submission of audit certificates with the Audit Operations Committee and with representatives of the High Commissioner. The Committee commends UNHCR for action taken so far on this important subject, as briefly recorded in paragraph 20 of the Board's report. The Committee understands that, for example, for non-governmental organizations acting as implementing partners, a six-month time period is allowed for the submission of the certificates; for government implementing partners a three-month time-frame is observed. The Committee understands that extensive discussion has taken place between UNHCR and representatives of the Board and that it has been suggested that, for example, for non-governmental organizations, a three-month time-frame be applied.

9. Contrary to the statement of the administration in paragraph 35 of document A/53/335/Add.1, section G, the Advisory Committee does not consider it unreasonable, for a range of operational reasons, to request that implementing partner audit certificates be submitted in time for the Board of Auditors to be able to review them at the time that it carries out the audit of UNHCR for a given year. The Committee also does not share the view of the

administration that given the auditors' right to access implementing partner accounts, the audit certification of UNHCR should not be made contingent on the number of audit certificates available at the time of the audit exercise.

10. It is the opinion of the Advisory Committee that it is incumbent on all audited administrations to provide the Board of Auditors with the information it deems appropriate for it to render an opinion on the financial statements. With respect to the reference to the Board's right to access the accounts of implementing partners, the Committee wishes to recall its statement in its previous report (A/51/533, para. 120) that it is the basic responsibility of every implementing partner to have its accounts (relating to UNHCR funds) duly audited and to submit audited accounts and audit certificates for scrutiny by UNHCR and the Board.

11. The Advisory Committee considers the certification process to be an important element in the accountability of implementing partners. It is concerned by the finding of the Board in paragraph 19 of its report. According to the Board, as at 31 March 1998, the amounts advanced to implementing partners (other than United Nations agencies) in the years 1995, 1996 and 1997 were $ 472.7 million, $ 491.5 million and $ 370.4 million respectively. Audit certificates had been received as at 31 March 1998 only for $ 225.1 million (47.6 per cent) for 1995, $ 23.1 million (4.7 per cent) for 1996 and none for 1997. Under the circumstances, the Committee recommends that the Board and UNHCR hold further consultations in the light of the recommendations made by the Committee on biennial audits (see para. 2 above).

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* (A/53/5), vol. I, chap. II.
[2] Ibid., vol. III, chap. I.
[3] Ibid., vol. IV, chap. II.
[4] Ibid., *Supplement No. 5A* (A/53/5/Add.1), chap. II.
[5] Ibid., *Supplement No. 5B* (A/53/5/Add.2), chap. II.
[6] Ibid., *Supplement No. 5G* (A/53/5/Add.7), chap. II.
[7] Ibid., *Supplement No. 5C* (A/53/5/Add.3), chap. II.
[8] Ibid., *Supplement No. 5F* (A/53/5/Add.6), chap. II.
[9] Ibid., *Supplement No. 5H* (A/53/5/Add.8), chap. II.
[10] Ibid., *Supplement No. 5I* (A/53/5/Add.9), chap. II.
[11] Ibid., *Supplement No. 5J* (A/53/5/Add.10), chap. II.
[12] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 5* (A/52/5), vol. II, chap. II.
[13] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5E* (A/53/5/Add.5), chap. I.
[14] Ibid., *Supplement No. 5D* (A/53/5/Add.4), chap. II.
[15] Ibid., *Supplement No. 9* (A/53/9), chap. III.
[16] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 5* (A/52/5), vol. II, chap. I.

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UNHCR INSPECTION AND EVALUATION ACTIVITIES

I. INTRODUCTION

1. Over the past year the scope of oversight-related work performed by the Inspection and Evaluation Service (IES) has increased, in accordance with emphases of Project Delphi and the new Operations Management System (OMS). Along with the expansion of inspection missions and the continuation of evaluations, a new investigation function was created, with IES designated as its central focal point. The Strategy Paper for the Inspection and Evaluation service was finalized in December 1997, and provides strategic directions for IES, including an analysis of functions and structure for the oversight mechanisms of inspection, evaluation, and investigation. The UNHCR Oversight Committee, established in early 1997, has met five times over the past year, and ensures effective review and follow-up of oversight reports (including audit reports).

II. INSPECTION

2. Since the inception of the inspection function in UNHCR, twenty-five inspection missions have been carried out to sixty countries. This comes to an average of about two countries inspected every month since the first inspection in June 1995. Over the past year, inspections have focused on the major UNHCR operations, with field inspections conducted to the Great Lakes region of Africa (Rwanda and the United Republic of Tanzania) and former Yugoslavia (Bosnia and Herzegovina); other countries of former Yugoslavia are planned for inspections in the course of 1998. In addition to internal IES expertise, the Service has called upon the Division of International Protection, which has provided an experienced protection colleague for each

of the past twelve countries inspected. The Standing Committee is regularly informed of inspection activities through the updates on regional developments.

3. Recent developments: Several major initiatives have contributed to the strengthening of the inspection function in UNHCR, and to its broader acceptance throughout the organization. One element which differentiates inspection from other UNHCR activities is the compliance mechanism. Approximately three months following issuance of a final inspection report, the Director of the Inspection and Evaluation Service expects to receive information on the status of compliance with each main recommendation from the report. On the basis of the information received, the Director will prepare a compliance memorandum, indicating whether overall compliance is satisfactory or unsatisfactory. An analysis of compliance with inspection recommendations for the first 55 countries inspected (22 reports) was shared with the Directors concerned and senior managers. Of the 22 reports finalized, thirteen were considered to have attained satisfactory compliance, two were partially satisfactory, and seven were still pending final compliance (having not yet reached the stage of the three-month follow-up).

4. Inspection reports and related documentation are now systematically stored in the IES inspection and evaluation database. The database allows for storage, easy retrieval, and analysis. It has facilitated the compilation of not only the compliance analysis, but also the three most recent "Inspector's Notes on Lessons Learnt":

(i) Note 3: Inspection Recommendations on Operations/Programme Management, October 1997 (prepared following a request for input to the OMS development process);

(ii) Note 4: Inspection Recommendations on Administration, Staffing and Personnel Issues, October 1997; and

(iii) Note 5: Inspection Recommendations on Overall Management, March 1998.

These Inspector's Notes were shared with the High Commissioner and members of the Senior Management Committee.

5. Inspector's Note 5 on overall management took special note of management-related recommendations appearing most frequently in inspection reports. Under the category "Policy and Strategy", there were recommendations for new guidelines on specific persons and groups of concern to UNHCR, categories of refugees (such as urban refugees, on which policy guidelines have now been prepared), and operational procedures (such as investigation). The lack of field office plans of action on various refugee groups and operational activities was highlighted as a recurring shortcoming. Many recommendations relating to office structure were also made, ranging from reinforcement to re-direction to phase-down. Numerous recommendations were made on "Managerial and Office Effectiveness". Weak areas included team cohesion, working atmosphere, and the need to strengthen overall management. The category "Coordination and External relations" produced recommendations relating to cooperation with Governments, United Nations agencies (most frequently the World Food Programme), and NGOs (including strategy,

participation in planning, and regional NGO coordination). Recommendations were also made on public information and mass information.

6. The Inspection Handbook continues to provide the philosophical and procedural basis for the preparation, conduct and follow-up of inspections. The second edition of the Handbook was produced in October 1997. It is planned to review and update the document every year, as the body of experience gained will lead to the development of improved and modified inspection techniques.

7. The addition of two inspection posts has already served to augment the overall capacity of IES. The new Senior Inspection Officer (Administration/Finance) brings this specialized expertise into inspection missions. The other post, Executive Assistant, provides multi-faceted support to IES, including focal point for the database, participation in inspection missions, assistance in evaluation follow-up, and administrative support to the Oversight Committee.

8. The scope of the inspection function will be augmented, following the request of the High Commissioner that IES undertake inspections of Headquarters' units as well as field operations in the future. In 1998 the Division of Human Resources Management will be the first such Headquarters-based unit to be inspected. Meanwhile, field-level inspections will continue, with inspections to sixteen countries planned for 1999.

9. In addition to inspections in the annual work programme, results of which are reported directly to the High Commissioner, IES is sometimes requested by the Senior Management Committee members to undertake management reviews, focusing on specific aspects of the work of some offices (including management, staffing, human relations, and financial transactions). Seven programmes either have been reviewed or are under review at the present time, with reports being transmitted to the requesting office.

III. EVALUATION

10. The evaluation function in UNHCR is in a transitional period. With the development of the OMS, evaluation is expected to increasingly centre around decentralized self-evaluation, complemented by targetted evaluations by Headquarters. This approach will help to create a culture of evaluation in UNHCR where programme managers see evaluation as one of their core responsibilities. The OMS will provide operational staff with increased expertise in organizing evaluations, which in turn will encourage them to undertake self-evaluation with partners. These new systems will permit field managers to more frequently assess the effectiveness and impact of their activities. Greater use of a decentralized system of self-evaluation will also facilitate the compilation and exchange of best practices and lessons learnt. Furthermore, it is expected to improve the quality of reporting as well as accountability and transparency. In that regard, as part of IES efforts to disseminate the results of evaluations more widely, six evaluation synopsis reports have been provided to members of the Standing Committee.

11. Recent developments: At the central level, in-depth evaluations have focused more on reviewing major activities within large operations, analysis of regional strategies and thematic evaluations. During the past year, emphasis has also been placed on evaluations in partnership with other

agencies. This has permitted evaluations to address common problems as well as facilitate cooperation and collaboration. Examples include an evaluation of emergency food assistance in Bosnia and Herzegovina carried out jointly with WFP, and a tripartite study of the Great Lakes Emergency Operation undertaken with UNICEF and WFP. In addition, innovative measures have been adopted to permit organization-wide evaluations to take place with fewer staff. The recent reduction in evaluation staff resources presents a new challenge, coming at precisely the time efforts are being made to strengthen the function. During this difficult period, new ways will have to be found to staff and support the function so that evaluation can play a wider and more central role. UNHCR hopes to improve the training provided to staff working in the evaluation function, and will continue to use staff temporarily in need of placement as an evaluation resource.

12. Arising from the results of Project Delphi and anticipated requirements of the OMS, it is recognized that evaluation, as an important complement to monitoring and control in UNHCR, will have to be redefined and strengthened. A review has been approved, entitled "Enhancement of Evaluation Capacity in UNHCR", and will be funded by the Canadian Management Consultant Trust Fund.

13. Follow-up of evaluation recommendations: Evaluation follow-up has been greatly facilitated by the completion of the IES database mentioned above. Ensuring thorough follow-up on evaluations will be one of IES' priorities during the coming year. Major efforts were made to implement the various recommendations contained in the reviews cited below.

A. Review of Staff Stress and Security

14. The Senior Management Committee directed DHRM to form a permanent working group charged with preparing a plan of action that would address the report's many recommendations. A wide range of important initiatives has already been adopted, including training measures, increased attention to local staff security, and plans for a designated budget for security. Although concrete achievements related to stress are more difficult to identify, the report is credited with raising staff awareness and sensitivity to the issue. The Staff Counsellor has observed, for example, that following widespread distribution and discussion of the report, staff are more willing to come forward to ask for help and guidance. The recommendations have become part of DHRM's objectives, and are periodically followed up by senior management. It is expected that the evaluation will continue to influence action on security and stress issues throughout 1998.

B. Review of Implementing Arrangements and Partner Selection Procedures

15. This review has been put to use in a variety of ways. The evaluation's recommendations were broadly endorsed by the Senior Management Committee as guidelines for Headquarters and the field. In addition to familiarizing staff with the issues, documenting lessons, and providing both guidance and ideas, the report contributed to the development of a more active approach to managing relationships with NGOs, and to the introduction of an operational partnership agreement. A NGO database is also being put in place and efforts are underway to clarify responsibility and emphasize accountability relating to all aspects of financial activity between UNHCR and its partners.

C. Review of UNHCR's Refugee Education Activities

16. This evaluation helped to identify shortcomings that have led to the development of new policies and guidelines, to modify educational priorities, and to raise the profile of this important activity. To assist in implementing the new policy, approaches and standards recommended by the evaluation, guidance has been provided through technical manuals, training programmes, workshops and, where necessary, direct technical assistance. All of these efforts have been undertaken with the ultimate aim of lifting educational standards to the level recommended, particularly in primary schooling and basic education for adolescents and adults. However, present funding constraints have delayed the introduction of improved standards for refugee primary schools.

D. Evaluation of UNHCR's efforts on behalf of children and adolescents

17. Follow-up activities on this evaluation have been among the most comprehensive. In view of the global importance of the issue, a thorough review of the issues took place over the course of several meetings of the Senior Management Committee. An internal Working Group was established to review the report's recommendations and to develop a comprehensive plan of action. Thus far, the Working Group has supported the creation of regional Child Officer posts, helped advance the development of training programmes on children's rights and integrated children's issues into existing training. CMS core and managerial competencies were revised to give the issue more attention and ensure greater accountability. A strategy to prioritize and mainstream the Office's policies on children has been developed as part of the OMS, and new NGO partnerships, advocacy campaigns and protection activities have been developed. Follow-up efforts are expected to continue throughout 1998.

E. Review of UNHCR's Project Staff Arrangements

18. Offices which have project staff have been able to use the report to harmonize and improve their own arrangements. It is expected that a focal point will be established to approve and monitor the arrangements in the future. It is anticipated that many aspects of the issue will begin to be resolved following a realignment of categories and definitions and the development of common budget presentations in cooperation with a number of other agencies. These efforts were discussed at the twelfth meeting of the Standing Committee in June 1998.

F. Review of UNHCR Mass Information Activities

19. Follow up on a review of UNHCR's Mass Information Activities was dealt with at a Policy Committee meeting of senior management on the subject. As the evaluation recommended, the Policy Committee agreed on new structural arrangements for the activity and made a number of policy decisions regarding the future planning and use of the function. Taking the recommendations into account, it was also decided that the Assistant High Commissioner will issue a broad set of policy guidelines on UNHCR's mass information activities.

G. UNHCR Assistance to Older Refugees: Review and Case Studies

20. This review was recently discussed at a meeting of the Senior Management Committee, which directed the Division of Operational Support to develop a broad plan of action that will enable UNHCR to address the far-reaching recommendation contained in the report. At mid-year, the plan of action was being readied for senior management's approval. The plan would attempt to ensure that efforts that are both significant and well integrated are initiated throughout the programmes of UNHCR and those of key partners.

21. Evaluation programme for 1998: The following evaluations, approved by the High Commissioner for 1998, are presently under way:

(i) Review of UNHCR's shelter programme in Bosnia and Herzegovina;
(ii) Review of efforts to reorient European offices away from individual casework;
(iii) Review of Tuareg repatriation efforts;
(iv) Review of UNHCR's efforts to minimize the social and economic impact of refugees on host countries in the Great Lakes region of Africa;
(v) Review of UNHCR's training activities;
(vi) Review of compliance with UNHCR's policies regarding women, children and the environment.

IV. INVESTIGATION

22. The creation of an investigation focal point within IES represents part of UNHCR's ongoing efforts to reinforce its internal oversight mechanisms. Areas of investigatory concern to the organization include, but are not limited to, possible fraud, misuse of UNHCR funds or resources, waste or abuse of UNHCR facilities, abuse of authority or United Nations privileges, sexual harassment and other misconduct or improper conduct constituting violations of United Nations and UNHCR regulations, rules or other pertinent administrative instructions and circulars.

23. Some investigation procedures are already in place. Upon receipt of a report on such allegations, the Director of the Inspection and Evaluation Service will review it, determine whether there are grounds for investigation, and either initiate an investigation by his office or refer the matter to other Directors or units as appropriate. The Director will also liaise, as necessary and appropriate, with the Office of Internal Oversight Services (OIOS) in New York and the Audit Management Control Division in Geneva. The Director will monitor the results and ensure follow-up of investigations, and will establish a system for determining and reporting the closure of investigations.

24. In addition, IES was requested to examine the means and options for further strengthening UNHCR's investigative capacity. A study was therefore commissioned to especially address and make recommendations on (a) streamlining the management of the investigation function of UNHCR and (b) enhancing the organization's investigating capacity, including detection, in the framework of the wider oversight function, of situations liable to investigation. In July 1998, the report of the consultant, a former UNHCR Director of Administration, was completed and referred to concerned Directors at Headquarters for review.

25. The report outlines activities required to expand the investigation function (for example, adapt the OIOS Investigation Section Manual to UNHCR, reinforce the process for screening reports in order to identify areas for potential investigation, include investigation subjects in management training programmes, and maintain a central recording system of cases). He also recommended to put in place a consultative mechanism among concerned UNHCR entities for horizontal coordination, to identify the main outside investigative resources, including OIOS-New York, capable of assisting UNHCR in its investigations, and to create a post of Investigation Coordinator. This post has just been approved (offset by the discontinuation of another IES post). Finally, the consultant stresses the importance of commitment from Senior Management on this issue and of support from the Executive Committee to uphold the momentum. Based on the above report a detailed plan of action for enhancement of the investigation function is under preparation and will be presented shortly to the High Commissioner.

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ACTION TAKEN ON DECISIONS OF THE FORTY-EIGHTH SESSION OF THE EXECUTIVE COMMITTEE

I. INTRODUCTION

1. This document provides, in summary form, information on the follow-up by UNHCR on all decisions/conclusions of the forty-eighth session of the Executive Committee that called for specific action to be taken by the High Commissioner. The sections and paragraphs referred to below correspond to those contained in the report of the forty-eighth session of the Executive Committee (A/AC.96/895). Decisions or conclusions requiring action by Governments or other entities, rather than the High Commissioner, are not reported on. To the maximum extent, Executive Committee and Standing Committee documents have been cross-referenced in order to limit the length of the report.

II. ACTION TAKEN

para. 18 General Conclusion on International Protection

(j) Recognizes that countries of asylum carry a heavy burden, including, in particular, developing countries, countries in transition, and countries with limited resources, which, due to their location, host large numbers of refugees and asylum-seekers; reiterates in this regard its commitment to uphold the principles of international solidarity and burden-sharing, and calls on Governments, UNHCR and the international community to continue to respond to the assistance needs of refugees until durable solutions are found;

UNHCR action. See: *Overview of UNHCR Activities - 1997-1999* (A/AC.96/900), presented to the forty-ninth session of the Executive Committee of the High Commissioner's Programme (October 1998).

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(k) Encourages States and UNHCR to continue to promote, where relevant, regional initiatives for refugee protection and durable solutions, and to ensure that regional standards which are developed conform fully with universally recognized standards and respond to particular regional circumstances and protection needs;

UNHCR action: See: *Update on Regional Developments in Central Asia, South West Asia, North Africa and the Middle East* (EC/48/SC/CRP.3) presented to the tenth meeting of the Standing Committee (February 1998); *Update on Regional Developments in Europe* (EC/48/SC/CRP.9 and Corr.1) and *Update on Regional Developments in the former Yugoslavia* (EC/48/SC/CRP.10), presented to the eleventh meeting of the Standing Committee (April 1998); *Update on Developments in the Southern African Region* (EC/48/SC/CRP.23), *Update on Regional Developments in the Central, East and West Africa* (EC/48/SC/CRP.24) and *Update on Developments in the Great Lakes Region of Africa* (EC/48/SC/CRP.25), presented to the twelfth meeting of the Standing Committee (June 1998); *Update on Regional Developments in the Americas* (EC/48/SC/CRP.36) and *Update on Regional Developments in Asia and the Pacific* (EC/48/SC/CRP.37), presented to the thirteenth meeting of the Standing Committee (September/October 1998); and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

(o) Welcomes the growing number of accessions to the 1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness, and encourages UNHCR to continue its efforts, in cooperation with interested organizations, to promote further accessions to both instruments, as well as to provide technical and advisory services and training globally, to disseminate information on statelessness and nationality issues, and to further its cooperation with States and other organizations interested in this area;

UNHCR action: See: *Note on International Protection* (EC/48/SC/CRP.27), presented to the twelfth meeting of the Standing Committee (June 1998), and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

(p) Takes note of the discussions which have taken place on measures to ensure international protection to all who need it, and encourages UNHCR to continue to organize informal consultations, with a view to making further progress in this area, including through exploring the development of guiding principles;

UNHCR action: See: *Progress Report on Informal Consultations on the Provision of International Protection to all who Need it* (EC/48/SC/CRP.32), presented to the twelfth meeting of the Standing Committee (June 1998).

(q) Notes that voluntary repatriation, local integration and resettlement are the traditional durable solutions for refugees; affirms that voluntary repatriation of refugees is the most preferred solution, when feasible; and calls upon countries of origin, countries of asylum, UNHCR, and the international community to take all necessary measures to enable refugees

to exercise freely their right to return to their homes in safety and dignity;

UNHCR action: See: *Update on Regional Developments in Central Asia, South West Asia, North Africa and the Middle East* (EC/48/SC/CRP.3) presented to the tenth meeting of the Standing Committee (February 1998); *Update on Regional Developments in Europe* (EC/48/SC/CRP.9 and Corr.1) and *Update on Regional Developments in the former Yugoslavia* (EC/48/SC/CRP.10), presented to the eleventh meeting of the Standing Committee (April 1998); *Note on International Protection* (EC/48/SC/CRP.27), *Composite Flows and the Relationship to Refugee Outflows, Including Return of Persons not in Need of International Protection, as well as Facilitation of Return in its Global Dimension* (EC/48/SC/CRP.29), *Update on Developments in the Southern African Region* (EC/48/SC/CRP.23), *Update on Regional Developments in the Central, East and West Africa* (EC/48/SC/CRP.24) and *Update on Developments in the Great Lakes Region of Africa* (EC/48/SC/CRP.25), presented to the twelfth meeting of the Standing Committee (June 1998); *Update on Regional Developments in the Americas* (EC/48/SC/CRP.36) and *Update on Regional Developments in Asia and the Pacific* (EC/48/SC/CRP.37), presented to the thirteenth meeting of the Standing Committee (September/October 1998); and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

(r) Reaffirms the continuing importance of resettlement as an instrument of protection and burden-sharing and as a durable solution in specific circumstances; encourages all Governments capable of doing so to make efforts to resettle refugees; encourages Governments who have not already done so to join in offering resettlement opportunities to refugees, and requests UNHCR to report on resettlement activities to the forty-ninth session of the Executive Committee;

UNHCR action: See: *Note on Resettlement of Refugees with Special Needs* (EC/48/SC/CRP.28), presented to the twelfth meeting of the Standing Committee (June 1998).

(s) Reaffirms the right of all persons to return to their countries, and the responsibility of States to facilitate the return and reintegration of their nationals; recommends to States that strategies for facilitating the return, in safety and dignity, of persons not in need of international protection be examined within a framework of international cooperation; and encourages UNHCR to continue, in cooperation with other appropriate international organizations, to look into ways in which the return process of individuals, determined through fair and effective procedures not to be in need of international protection, can be facilitated, and to inform the Standing Committee;

UNHCR action: See: *Composite Flows and the Relationship to Refugee Outflows, Including Return of Persons not in Need of International Protection, as well as Facilitation of Return in its Global Dimension* (EC/48/SC/CRP.29) and *Progress Report on Informal Consultations on the Provision of International Protection to all who Need it* (EC/48/SC/CRP.32), presented to the twelfth meeting of the Standing Committee (June 1998).

(t) Reaffirms its Conclusions Nos. 39 (XXXVI), 54 (XXXIX), 60 (XL), 64 (XLI) and 73 (XLIV), and urges States, UNHCR, and other humanitarian organizations, as appropriate, to take all necessary steps to implement these Conclusions, including through recognizing as refugees women whose claims to refugee status are based upon a well-founded fear of persecution for reasons enumerated in the 1951 Convention and the 1967 Protocol, including persecution through sexual violence or other gender-related persecution; by the integration of activities on behalf of refugee women in every aspect of programme planning and implementation; and by taking action to eliminate incidents of violence against women and girls;

UNHCR action: See: *Progress Report on Refugee Women* (SC/1998/INF.1), presented to the twelfth meeting of the Standing Committee (June 1998), and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

(u) Notes with satisfaction UNHCR's dissemination and training activities with regard to promoting refugee law and protection principles, and calls upon the High Commissioner to continue to strengthen the Office's refugee law promotion work, with the active support of States and through increased cooperation with non-governmental organizations, academic institutions and other relevant organizations.

UNHCR action: See: *Update on Regional Developments in Central Asia, South West Asia, North Africa and the Middle East* (EC/48/SC/CRP.3), presented to the tenth meeting of the Standing Committee (February 1998); *Staff Training in UNHCR: An Update on Recent Developments* (EC/48/SC/CRP.19), *Update on Regional Developments in Europe* (EC/48/SC/CRP.9 and Corr.1) and *Update on Regional Developments in the former Yugoslavia* (EC/48/SC/CRP.10), presented to the eleventh meeting of the Standing Committee (April 1998); *Update on Developments in the Southern African Region* (EC/48/SC/CRP.23), *Update on Regional Developments in the Central, East and West Africa* (EC/48/SC/CRP.24) and *Update on Developments in the Great Lakes Region of Africa* (EC/48/SC/CRP.25), presented to the twelfth meeting of the Standing Committee (June 1998); *Update on Regional Developments in the Americas* (EC/48/SC/CRP.36) and *Update on Regional Developments in Asia and the Pacific* (EC/48/SC/CRP.37), presented to the thirteenth meeting of the Standing Committee (September/October 1998); and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

para. 20 Conclusion on Safety of UNHCR Staff and other Humanitarian Personnel

(d)(i) encourages UNHCR to give its fullest attention to the examination and adoption of measures to improve staff safety and security, in cooperation, as necessary, with other relevant international organizations and bodies;

(d)(ii) calls upon the High Commissioner to continue to bring this issue to the attention of the Advisory Committee on Coordination, with a view to drawing up, in consultation with the Office of the United Nations Security Coordinator, recommendations on measures to be taken to improve security for the staff of UNHCR and its implementing partners, as well as other of humanitarian personnel.

UNHCR action: See: *Note on Safety of UNHCR Staff* (EC/48/SC/CRP.31), presented to the twelfth meeting of the Standing Committee (June 1998).

para. 21 Conclusion on Refugee Children and Adolescents

(c) Calls upon UNHCR to continue to integrate fully the rights of the child into its policies and programmes; improve its operational methods for assessing the needs of child and adolescent refugees; train its staff and implementing partners accordingly; formulate preventive strategies; and strengthen collaboration with States, UNICEF, WFP, the Office of the High Commissioner for Human Rights, ICRC, non-governmental organizations, and other concerned actors;

(d) Calls upon UNHCR to include on the work programme of the Standing Committee in 1998 a report on the implementation of its strategy for follow-up to the Machel Study, with special reference to the establishment of operational performance objectives in respect of refugee children and adolescents and the identification of improvements in staffing, training and budgeting to meet these objectives; and also to report on follow-up of its evaluation of UNHCR programming and protection efforts on behalf of refugee children and adolescents.

UNHCR action: See: *Refugee Children and Adolescents, Including Follow-up to the 1997 Evaluation and Report on Implementation of the Machel Study* (EC/48/SC/CRP.38), presented to the thirteenth meeting of the Standing Committee (September/October 1998), and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

para. 22 Conclusion on Follow-up to the CIS Conference

(l) Calls on the High Commissioner to continue to cooperate with the International Organization for Migration and the Organization on Security and Cooperation in Europe in coordinating ongoing and future activities in the countries of the CIS, in mobilizing resources in support of these efforts and in steering and monitoring progress through appropriate follow-up mechanisms;

(m) Asks also that the High Commissioner enhance relationships with other key international actors such as the Council of Europe, the European Commission, and other human rights, development and financial institutions, in order better to address the wide-ranging and complex issues in the Programme of Action;

(n) Requests the High Commissioner to keep the Executive Committee informed of measures taken and of progress achieved in the implementation of the Programme of Action.

UNHCR action: See: *Update on Regional Developments in Europe* (EC/48/SC/CRP.9 and Corr.1), presented to the eleventh meeting of the Standing Committee (April 1998), and *Report of the United Nations High Commissioner for Refugees* (E/1998/7), presented to the 1998 Substantive Session of ECOSOC.

para. 23 General Decision on Programme, Administrative and Financial Matters

(b) Requests the High Commissioner, within the resources available, to respond flexibly and efficiently to the needs currently indicated under 1998 General and Special Programmes which are tentatively estimated at $ 995.9 million, and to any other new needs that might arise, bearing in mind the Statute of the Office and the priority to be accorded to statutory activities, and the relevant provisions of the Financial Rules for Voluntary Funds;

UNHCR action: See: *Overall Programme and Funding Projections for 1997 and 1998* (EC/48/SC/CRP.4), presented to the tenth meeting of the Standing Committee (February 1998); *Update on Programme and Funding Projections for 1998* (EC/48/SC/CRP.11), presented to the eleventh meeting of the Standing Committee (April 1998); *Update on Programme and Funding Projections for 1998 and Tentative Estimates for the 1999 General Programmes Target* (EC/48/SC/CRP.26), presented to the twelfth meeting of the Standing Committee (June 1998); and *Overview of UNHCR Activities - 1997-1999* (A/AC.96/900) and *Update on UNHCR Programme and Funding Projections for 1998 and 1999* (A/AC.96/900/Add.2), presented to the forty-ninth session of the Executive Committee of the High Commissioner's Programme (October 1998). See also related documentation: *Report of the Tenth Meeting of the Standing Committee* (A/AC.96/896); *Report of the Eleventh Meeting of the Standing Committee* (A/AC.96/897); *Report of the Twelfth Meeting of the Standing Committee* (A/AC.96/905); and *Report of the Thirteenth Meeting of the Standing Committee* (A/AC.96/909).

(e) Notes the *Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1996* (A/AC.96/885), the *Report of the ACABQ on UNHCR Activities financed from Voluntary Funds: Report for 1996-1997 and proposed budget for 1998* (A/AC.96/884/Add.3), the *Report of the High Commissioner on the work of the Inspection and Evaluation Service* (A/AC.96/886), and requests to be kept regularly informed on the measures taken to address the recommendations and the observations raised in these various oversight documents, especially as they relate to the implementation of 1998 General and Special Programmes;

UNHCR action: See: *Audit Follow-up: Procurement and Asset Management* (EC/48/SC/CRP.5), presented to the tenth meeting of the Standing Committee (February 1998); *Oversight Issues: Consultants* (EC/48/SC/CRP.14), presented to the eleventh meeting of the Standing Committee (April 1998); *Audit Follow-up: Financial Management and Programme Management* (EC/48/SC/CRP.30), presented to the twelfth meeting of the Standing Committee (June 1998); and *Implementing Partners Compliance with Audit Certification* (EC/48/SC/CRP.41), presented to the thirteenth meeting of the Standing Committee (September/October 1998).

(h) Expresses support for the proposals of UNHCR to improve the audit certification of implementing partners, and asks to be kept informed both on the progress in their implementation and compliance therewith;

UNHCR action: See: *Implementing Partners Compliance with Audit Certification* (EC/48/SC/CRP.41), presented to the thirteenth meeting of the Standing Committee (September/October 1998).

(i) Requests UNHCR to present in the first part of 1998 further proposals to ensure a more appropriate and transparent categorization of expenditure and posts, and, to the extent possible, the harmonization of its budget presentation with that of other relevant United Nations agencies, with a view to seeking the Executive Committee's approval at its next annual session, and subject to such approval, their introduction in the 1999 budgetary documentation for the year 2000;

UNHCR action: See: *Proposal for UNHCR Budget Structure* (EC/48/SC/CRP.43), presented to the thirteenth meeting of the Standing Committee (September/October 1998).

(k) Welcomes progress made on the Project Delphi implementation plan and requests to be kept informed of further action in this regard.

UNHCR action: See: *Update on Project Delphi* (EC/48/SC/CRP.6), presented to the tenth meeting of the Standing Committee (February 1998); *Update on the Change Management Process* (EC/48/SC/CRP.17), presented to the eleventh meeting of the Standing Committee (April 1998); and *Update on Change Management Process* (EC/48/SC/CRP.44), presented to the thirteenth meeting of the Standing Committee (September/October 1998).

para. 24 Decision on Programme of Work of the Standing Committee in 1998

(c) Calls on the Standing Committee to report on its work to the forty-ninth session of the Executive Committee.

UNHCR action: See: ***Report on the Work of the Standing Committee* (A/AC.96/910), submitted to the forty-ninth session of the Executive Committee (October 1998).**

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INTERNATIONAL SOLIDARITY AND BURDEN-SHARING IN ALL ITS ASPECTS: NATIONAL, REGIONAL AND INTERNATIONAL RESPONSIBILITIES FOR REFUGEES

I. INTRODUCTION

1. The annual theme for the forty-ninth session of the Executive Committee was agreed at the twelfth meeting of the Standing Committee in June 1998. The Standing Committee requested the High Commissioner to submit to the plenary session a thematic paper which provides a broad framework for discussion. This paper has been prepared in response to that request.

2. The paper lays out the legal and normative basis for international solidarity and burden-sharing in terms of providing protection, assistance and durable solutions for refugee and returnee populations, and in averting future refugee outflows. It describes the various economic, environmental, social, political and security issues involved, and looks at arrangements which have been made in the past for international solidarity and burden-sharing in a number of specific refugee situations. Finally, the paper examines ways of strengthening international solidarity and burden-sharing, focusing on national, regional and international responsibilities, and the need for cooperative partnerships.

II. THE BASIS FOR INTERNATIONAL SOLIDARITY AND BURDEN-SHARING

3. International instruments relating to refugees have continuously stressed the importance of international solidarity and burden-sharing. Paragraph 4 of the Preamble to the 1951 Convention relating to the Status of Refugees expressly acknowledges that "the grant of asylum may place unduly heavy burdens on certain countries, and that a satisfactory solution of a problem of which the United Nations has recognized the international scope and nature cannot therefore be achieved without international cooperation".

4. At the regional level there has also been repeated recognition of the need for international solidarity and burden-sharing. For example, Article II(4) of the 1969 Organization of African Unity (OAU) Convention Governing the Specific Aspects of Refugee Problems in Africa states that "where a Member State finds difficulty in continuing to grant asylum to refugees, such Member State may appeal directly to other Member States and through the OAU, and such other Member States shall in the spirit of African solidarity and international cooperation take appropriate measures to lighten the burden of the Member State granting asylum". A number of recent European Union texts have also referred to the need for international solidarity and burden-sharing, such as the Council Resolution on Burden-Sharing with Regard to the Admission and Residence of Displaced Persons, adopted by the European Union Council of Ministers of Justice and Home Affairs on 25 September 1995.

5. The Executive Committee has also drawn continual attention to international solidarity, responsibility-sharing and burden-sharing as a key to the protection of refugees and resolution of refugee problems. For example, Conclusion No. 22 (XXXII) of 1981 on the Protection of Asylum-Seekers in Situations of Large-Scale Influx points out that "States shall, within the framework of international solidarity and burden-sharing, take all necessary measures to assist, at their request, States which have admitted asylum seekers in large-scale influx situations". Similarly, Conclusion No. 77 (XLVI) of 1995 "[c]alls on States to manifest their international solidarity and burden-sharing with countries of asylum, in particular those with limited resources, both politically and in other tangible ways which reinforce their capacity to maintain generous asylum policies".

6. The wide range of legal and political instruments which stress the importance of international solidarity, responsibility-sharing and burden-sharing on refugee-related issues, illustrates the commitment to cooperative partnerships which exists within the international community in general. There is, however, a need to continue to identify practical ways of achieving or enhancing such partnerships. In principle, international solidarity and burden-sharing should not be seen as a prerequisite for meeting fundamental protection obligations.

III. CONSEQUENCES OF REFUGEE AND RETURNEE MOVEMENTS

7. The international community is becoming increasingly aware of the diverse consequences which refugees and returnees can have on countries of asylum and countries of origin, as well as on other countries within the regions concerned. However, for a number of reasons these consequences are extremely difficult to quantify. Although in some cases refugee and returnee populations have a positive impact, with their presence leading to the economic and social development of marginalized regions, there are often many negative consequences. In dealing with these consequences, there are a number of different national, regional and international responsibilities which need to be met in terms of protection, assistance, solutions and prevention.

8. The impact of refugee and returnee populations is usually mitigated to some extent by international solidarity and burden-sharing. However, it is important to recognize that the primary burden is usually borne by the countries and communities directly concerned. There is increasing recognition of the extent to which large refugee and returnee populations may

impede or jeopardize the development efforts of developing countries. Some of the largest refugee and returnee concentrations are to be found in countries which already suffer from weak economies and poor infrastructure, as well as widespread and chronic poverty. National and regional authorities in these countries are often compelled to divert considerable resources and manpower to deal with issues relating to these populations, detracting from the pressing demands of their own development.

9. The economic impact: the presence of large refugee or returnee populations leads to substantial demands on food, energy, transportation, employment and public services such as education, health and water facilities. Increased public expenditure is often needed to satisfy these demands. Even where the number of refugees is small, the costs of administering asylum procedures can be high. The financial costs should be seen in the context of structural adjustment programmes simultaneously being implemented in some developing countries, and against the backdrop of recession, inflation and unemployment in many of the industrialized countries.

10. The environmental impact: sudden influxes of large refugee populations often lead to serious, uncontrolled environmental imbalances which can affect entire eco-systems, both in areas which are directly affected and beyond. Refugees often create an unexpected and massive demand for scarce natural resources such as land, fuel, water, food and shelter materials, with long-term implications for their sustainable regeneration. The effects of environmental damage often continue to be felt long after refugees leave the affected area.

11. The social and political impact: the presence of refugee or returnee populations often has a significant impact on the socio-political situation in the countries concerned. In particular, where refugees or returnees are from different cultural, ethnic, religious or linguistic groups from the local population, this may create or exacerbate social tensions.

12. The impact on national, regional and international peace and security: the presence of large refugee or returnee populations can have serious implications for internal security, particularly in situations where the ratio of these populations to local people is high. It can also have implications for regional and international peace and security, as recent experience in the Great Lakes region of Africa has shown. The problems of politicization and militarization of refugee camps and settlements are well known. As a result, substantial demands are often put on the police and armed forces of countries of asylum and countries of origin to ensure the security and stability of areas affected by large refugee or returnee populations.

IV. NATIONAL RESPONSIBILITIES IN REFUGEE SITUATIONS

13. Under the terms of international law, primary responsibility for protecting and assisting refugees and returnees lies with the States which are hosting them. This is clearly spelt out in the 1951 Convention and 1967 Protocol relating to the Status of Refugees, the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa, and other regional and international instruments relating to the treatment of refugees.

14. While regional or international burden-sharing initiatives may be needed to assist host States in fulfilling their obligations towards refugees and returnees, these should not be seen as in any way diminishing the responsibilities of host countries. Burden-sharing has three distinct aspects: national, regional and international. Regional and international initiatives should support and complement national responsibilities.

15. Even in situations where regional or international actors actively participate in burden-sharing initiatives, there should be full recognition of the heavy burden which is placed on host states, particularly during the initial emergency phase of large-scale influxes of refugees or returnees, or where refugee situations are prolonged.

V. REGIONAL AND INTERNATIONAL APPROACHES TO REFUGEE SITUATIONS

16. While the burden placed on countries by refugee and returnee populations has been borne primarily at the national level, there have been many examples of regional and international burden-sharing. In some cases, specific burden-sharing arrangements have been drawn up, either for situations of mass displacement or for smaller-scale and individual arrivals. Such initiatives have taken place within the well established framework of cooperation and solidarity provided by the international and regional refugee instruments cited above.

17. While some burden-sharing arrangements have been limited to agreements between States in a particular region, there have been a number of comprehensive approaches which have included countries and international organizations from outside the region concerned. Burden-sharing arrangements have ranged from temporary admission of refugees and their resettlement to the harmonization of national asylum procedures. They have also included financial contributions to assistance programmes. In each case, burden-sharing arrangements have been tailored to the specifics of the situation. As the following examples show, they have sought to promote the protection of refugees while at the same time permitting durable solutions to be satisfactorily achieved.

18. The 1981 International Conference on Assistance to Refugees in Africa (ICARA I) and the second conference (ICARA II) convened in 1984, are examples of regionally-focused cooperative approaches aimed at securing extra-regional financial assistance to meet the costs incurred in responding to the presence of large refugee and returnee populations. The Final Declaration of the second conference emphasized that "the condition of refugees is a global responsibility of the international community" and urged "equitable burden-sharing by all its members, taking into consideration particularly the case of the least developed countries". A Steering Committee was set up which was composed of OAU, the United Nations Secretary-General's Office, UNDP and UNHCR. It had some success in raising donor interest in African refugee situations.

19. The Comprehensive Plan of Action (CPA) adopted by the UNHCR-sponsored International Conference on Indochinese Refugees in 1989 represented a major multilateral effort to resolve the Vietnamese refugee problem. It was one of the first examples of a situation where the country of origin became a key player, together with other countries and actors from both within and outside the region, in helping to resolve a major refugee crisis. The Plan of Action

contained provisions for identifying and protecting refugees from Vietnam and the Lao People's Democratic Republic, for averting further out-flows of people not in need of international protection, and for facilitating repatriation of non-refugees. It was a coordinated international response to a situation where countries of first asylum were threatening to close their borders to refugees and where countries outside the region were limiting resettlement opportunities. This was because, over time, the nature of the outflow had changed with many economic migrants being mixed in with refugees.

20. The Plan of Action of the 1989 International Conference on Central American Refugees (CIREFCA) aimed to find durable solutions for over two million refugees and displaced persons in the region. From the beginning, CIREFCA adopted an integrated approach to the political, humanitarian and developmental dimensions of the refugee problem. Much of its success was due to the fact that it was linked closely to the peace process which began with the signing of the Esquipulas II peace agreement in 1987, and the fact that it recognized the need for linking the reintegration of refugees and displaced persons to national development programmes. It included wide-ranging commitments from seven countries in the region, as well as financial support from States outside the region. The United Nations Secretary-General's Office, UNDP and UNHCR all played important roles in ensuring the effective implementation of the plan.

21. In the case of the former Yugoslavia, in July 1992, at the International Meeting on Humanitarian Aid for Victims of the Conflict in the Former Yugoslavia, UNHCR proposed the Comprehensive Response to the Humanitarian Crisis in the former Yugoslavia. This seven point plan was subsequently endorsed by the international community, and became the basis for international action related to refugees and displaced persons from the former Yugoslavia. It provided a framework for international solidarity and burden-sharing on protection, assistance and the promotion of solutions, and it led to the development of the concept of temporary protection.

22. The May 1996 Regional Conference to Address the Problems of Refugees, Displaced Persons, Other Forms of Involuntary Displacement and Returnees in the Countries of the Commonwealth of Independent States and Relevant Neighbouring States is an important illustration of an expanded approach to burden-sharing. The Conference was convened by the International Organization for Migration (IOM), the Organization for Security and Cooperation in Europe (OSCE) and UNHCR. Going beyond protection and solutions, the Conference adopted a Programme of Action which also embraced pre-departure and prevention-related activities. The Conference began a process of regional cooperation to deal with the problems of the some nine million displaced persons in the former Soviet Union and, at the same time, to respond to the threat of future mass displacements.

23. Other more recent examples of international burden-sharing have been based on promoting regional dialogue to improve cooperation on refugee issues. The CASWAME Regional Consultation process, initiated by UNHCR, involves some fourteen countries from Central Asia, South West Asia and the Middle East. Since the process began in March 1997, the CASWAME Consultations have adopted a number of proposals to enhance regional co-operation and coordination in relation to refugee movements. Also, the Asia-Pacific Intergovernmental Consultations on Regional Approaches to Refugees and Displaced Persons (APC) involves some seventeen countries working in

close association with IOM and UNHCR to share information on various initiatives with regard to population movements in the Asia-Pacific region.

24. Apart from large influx situations, there have also recently been some interesting examples of burden-sharing arrangements for smaller-scale and individual arrivals. Following the unprecedented number of individual arrivals of asylum-seekers into European countries in the late 1980s and early 1990s, States in Europe felt compelled to find ways to distribute the asylum burden more equitably among themselves. One result was the Schengen/Dublin approach of apportioning responsibilities for determining asylum requests, regardless of country of application, on the basis mainly of who authorized entry into the region. While UNHCR did not initiate this process, the High Commissioner's Office has worked closely with the countries involved to ensure that basic protection principles are respected. Discussions are currently underway among European Union member States for further developing the concept of burden-sharing in case of mass flows in Europe.

VI. STRENGTHENING INTERNATIONAL SOLIDARITY AND BURDEN-SHARING

25. A general commitment to burden-sharing already exists within the international community, and this underpins all of UNHCR's work. However, serious efforts are now being made to learn lessons from past experiences of formal burden-sharing arrangements for specific refugee or returnee situations. While it may not be practical or possible at this stage to establish a formal and permanent burden-sharing system on a global level, there is agreement that efforts should be made to strengthen international solidarity and burden-sharing in general. In this context, there are four main issues which need to be addressed, all of which have important policy implications for States, UNHCR, and other national, regional and international actors:

- Why is burden-sharing necessary?
- What needs and responsibilities may be met through burden-sharing?
- Who should participate in burden-sharing?
- To what extent should burden-sharing be systematized?

26. Why is burden-sharing necessary? Particular regions and States continue to host very large numbers of refugees, despite enormous political, economic, environmental and social problems. By addressing some of the political, financial and other costs of hosting refugees or rehabilitating returnees, burden-sharing mechanisms can encourage Governments to meet their obligations under international refugee law and human rights law, while promoting the protection of refugees and solution of refugee problems.

27. What needs and responsibilities may be met through burden-sharing? Burden-sharing should help to ensure respect for the basic principles of refugee protection, including asylum, *non-refoulement* and family unity, and should promote lasting solutions to refugee problems. Any arrangement on burden-sharing based on "quotas" for receiving refugees or asylum-seekers should be flexible enough to accommodate family unity and other humanitarian considerations. Where asylum in the region is considered as an element of

burden-sharing, due consideration should be given to the lack of capacity of countries neighbouring the country of origin to absorb refugees, and to the need for regular consultations with neighbouring countries most affected by the exodus in order to assess and respond to their assistance requirements.

28. Comprehensive approaches to burden-sharing can cover issues beyond protection, assistance and durable solutions for refugees and returnees. It may take into account the economic, environmental, social, political and security implications which refugee and returnee populations have on host and home countries. Programmes aimed at assisting and protecting refugee and returnee populations could be linked to political processes, development and environmental programmes, and peace-keeping and peace-building activities, including reconciliation, rehabilitation, reconstruction and reintegration projects. Burden-sharing may include political or security action aimed at addressing the causes and consequences of refugee movements.

29. Who should participate in burden-sharing? Past experience shows that in situations of mass influx, the most successful burden-sharing arrangements are those which are not limited exclusively to countries from the region. In the case of individual arrivals, regional burden-sharing arrangements such as those recently established by the European Union may be useful. However, there is a danger that regional burden-sharing arrangements may lead to the creation of blocs, each with their own distinctive refugee regimes. This may result in an inequitable sharing of responsibility, with burden 'shifting' from one region to another, rather than resulting in greater harmonization of practices and procedures relating to the protection and assistance of refugees and returnees at the global level.

30. While bilateral agreements and other specific arrangements may be made amongst a limited number of actors, all burden-sharing arrangements should be carried out in the context of national, regional and international responsibilities for refugees. Any regional burden-sharing arrangements should be complementary to, not at the expense of, global burden-sharing efforts, such as contributing to UNHCR programmes and providing for resettlement of refugees. Participation by international organizations should not be limited to those with mandates relating specifically to refugees, or those concerned only with the emergency phase. Because of the wider implications of refugee situations, burden-sharing arrangements should encourage the involvement of human rights, political, peace-keeping and development organizations as and where appropriate.

31. To what extent should burden-sharing be systematized? The purpose of establishing a more systematized burden-sharing mechanism would be to enable participating States to respond in a more efficient, equitable and consistent way to refugee and returnee situations. Until now, formal burden-sharing arrangements for specific refugee or returnee situations have been implemented on an ad hoc basis. One of the main strengths of the ad hoc arrangements which have been made in the past is the fact that they have been rooted in the established framework of international burden-sharing, but have also been specifically tailored to particular situations. This has allowed for a substantial degree of flexibility. Any further systematization at the global level should ensure that the necessary flexibility is not lost.

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HIGH COMMISSIONER'S PROGRAMME

Forty-ninth session

REPORT OF THE TWELFTH MEETING OF THE STANDING COMMITTEE (23 - 25 June 1998)

I. INTRODUCTION

1. The meeting was opened by the Chairman of the Executive Committee, His Excellency, Ambassador Björn Skogmo (Norway).

II. ADOPTION OF THE AGENDA OF THE TWELFTH MEETING AND THE REPORT OF THE ELEVENTH MEETING

2. The agenda (EC/48/SC/CRP.22) was adopted without revision. The draft report of the eleventh meeting (EC/48/SC/CRP.21) was adopted with one amendment to paragraph 17. This amendment inserted the following sentence, beginning on the third line: "One delegation noted the nature of the mixed flow from Iraq and emphasized the concern for the humanitarian element in the European Union Action Plan".

III. ASSISTANT HIGH COMMISSIONER'S STATEMENT

3. The Assistant High Commissioner delivered an opening statement to the Standing Committee, updating delegations on recent developments in UNHCR Operations around the world. He informed delegations that Mr. Vincent Cochetel, UNHCR's Head of Office in Vladikavkaz, still remained captive, 145 days after his abduction. He informed delegations that this situation, however, was not an isolated one, but rather one that fell within an alarming pattern of violence against United Nations civilian staff in recent years. The Assistant High Commissioner also commented on UNHCR's critical financial situation, which has forced UNHCR to scale down some programmes and discontinue others.

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IV. INTERNATIONAL PROTECTION

4. Under this agenda item, the Standing Committee had before it four documents for discussion: *Note on International Protection* (EC/48/SC/CRP.27); *Composite Flows and the Relationship to Refugee Outflows, Including Return of Persons not in Need of International Protection, as well as Facilitation of Return in its Global Dimension* (EC/48/SC/CRP.29); *Progress Report on Informal Consultations on the Provision of International Protection to all who Need It* (EC/48/SC/CRP.32); and *Note on Resettlement of Refugee with Special Needs* (EC/48/SC/CRP.28). Delegations were also presented with an oral report on the exclusion clauses.

5. The Director of the Division of International Protection made a statement, informing delegations in particular of the "reach-out" consultations on the international protection mandate of UNHCR. The Deputy High Commissioner for Human Rights also provided delegations with an introductory statement to the agenda item, highlighting the link between human rights and refugee protection.

A. Note on International Protection

6. The *Note on International Protection* was introduced by the Deputy Director of the Division of International Protection. In their interventions, delegations addressed both aspects of this year's Note: its overview of current concerns and new issues, and its framework theme of the interlinkages between refugee protection and human rights. Regarding the protection concerns outlined in the Note, it was stressed that the protection of refugees is a shared responsibility and that States had to meet their own obligations in this regard. Many delegations addressed the range of issues in the Note, expressing concern about violations of the principle of *non-refoulement*, threats to physical security (particularly for refugee women and children) and the safety of camps.

7. More specifically, the following issues were of importance to a number of delegations: the difficulties in ensuring sustainable return and the human rights implications of return; protection of refugee women and children (delegations commended UNHCR's activities in this regard and urged greater mainstreaming of its policy and protection guidelines on women and children); respect for family unity; the role of the 1951 Convention and 1967 Protocol in the light of new refugee protection challenges; the importance of examining supplementary concepts such as gender-related persecution and the question of return of rejected cases; and statelessness. There was strong support for discussion of issues of burden or responsibility-sharing, notably in the context of mass influx and for putting in place of arrangements based on a fair distribution of responsibilities. It was also highlighted that access to asylum and the meeting of protection responsibilities by States should not be dependent on burden-sharing being in place.

8. With respect to the Note's human rights theme, its timeliness was recognized and the value of examining the refugee experience against the background of human rights principles was highlighted. UNHCR was encouraged to continue to strengthen its cooperation with the human rights bodies and mechanisms, although in so doing, the Office was also encouraged to maintain the specificity of its own mandate activities. While recognizing that human rights violations are amongst the principle causes of refugee flows, some

delegations also stressed the causal role of environmental and development factors. A number of delegations were interested in further discussion on the parallel development of the *non-refoulement* principle in human rights instruments. Delegations broadly accepted that the primary duty for promoting and protecting human rights fell on States. In this regard, programmes to combat xenophobia and racism, as well as to strengthen local capacity to protect human rights, including through building of national human rights institutions and training programmes for the police and the judiciary, were recognized as being particularly important. The NGO Observer delegation encouraged UNHCR to continue to integrate human rights into its refugee protection activities and urged member States of the Executive Committee to reinforce their commitment to upholding these principles.

9. A number of delegations concluded that there were many issues in the Note, particularly those related to the interface between refugee protection and human rights, which could productively be discussed in the informal "gap" consultations.

B. Composite Flows and the Relationship to Refugee Outflows, Including Return of Persons not in Need of International Protection, as well as Facilitation of Return in its Global Dimension

10. The Chief of UNHCR's General Legal Advice Section introduced document EC/48/SC/CRP.29. Delegations acknowledged complexity of the subject, as well as the value of the conclusions of the Working Group on Solutions and Protection to further debate on this matter. There was recognition that there are a number of different categories of persons caught up in asylum linked flows, whose protection needs differed one from another. The need to keep in mind the difference both between refugees and persons not in need of international protection, as well as rejected asylum-seekers and persons without a protection need was stressed by delegations. There was a realization that the issue of return has a broader context, going beyond refugee protection and merging in with global migration concerns. Delegations felt that this context also needed to be addressed, although not only by the Executive Committee, given its specific mandate. The NGO Observer delegation highlighted the complexity of international migration, recognizing that refugee movements are a dimension of international migration. States were urged to ensure that human rights principles are applied to all responses to composite flows and related migration issues. There was some support for keeping the issue of return on the agenda of the Standing Committee.

11. Delegations considered how to ensure the return of rejected cases and the acceptance by countries of origin of their obligation to receive back their citizens. A number of delegations expressed the view that re-admission agreements should not be a prerequisite for the expulsion of rejected cases, although they may prove helpful in some cases. It was accepted that classical readmission agreements are not the appropriate vehicle for effecting the onward travel of persons whose claims had yet to be determined. The importance of fair and efficient refugee status determination procedures, the need to address the problems of abuse of these procedures and trafficking were also discussed. How to facilitate return, including through development-related activities in the country of origin, was an important focus for a number of delegations. It was broadly accepted that, regardless of the status of the persons concerned, their return should be undertaken in

a humane and dignified manner and in conformity with human rights standards. Finally, there was some consideration of the roles to be played by international organizations, including UNHCR, as a catalyst, and the International Organization for Migration (IOM), to facilitate return.

C. Progress Report on Informal Consultations on the Provision of International Protection to all who need it

12. The Chief of UNHCR's General Legal Advice Section also provided delegations with an introduction to document EC/48/SC/CRP.32. It was generally agreed that the informal consultations on protection for all who need it had proved a valuable forum for frank discussion and there was general agreement that the consultations should continue, albeit taking into account UNHCR's resource limitations. It was pointed out that the main criteria to be respected in organizing additional consultations were informality and expertise of discussions, and broadly based participation therein. Delegations felt that the results of deliberations, as well as the background papers prepared for the various consultations, deserved wider distribution and UNHCR was asked to look at ways to achieve this.

D. Oral Report on Exclusion Clauses

13. The Senior Legal Advisor from UNHCR's General Legal Advice Section presented delegations with an oral report on the exclusion clauses, a subject which delegations recommended should be the subject of on-going consideration by the Standing Committee. Amongst the main concerns identified by delegations during discussions, the challenge of protecting the integrity of the asylum system through rigorous applications of the exclusion clauses in the case of terrorist and criminal asylum-seekers was particularly underlined. By the same token, the need to apply the clauses restrictively and in fair and transparent procedures was also stressed by a number of delegations. The NGO Observer delegation urged States to be consistent with basic principles of fairness and transparency when applying the exclusion clauses in order to preserve their integrity. There were a number of concepts which delegations felt deserved further analysis, including the notion of "political" crimes, terrorists acts, and offences contrary to the purposes and principles of the United Nations. Delegations also recognized the importance of the procedural concerns raised in the oral presentation, particularly the approach to take with respect to family members of an excluded individual. It was suggested by a number of delegations that the informal consultations could serve as a possible forum for further examination of such exclusion issues.

E. Note on Resettlement of Refugees with Special Needs

14. The Chief of UNHCR's Resettlement Section introduced document EC/48/SC/CRP.28. There was broad support for UNHCR's efforts to generate awareness of the special needs of women-at-risk, refugee minors and adolescents, elderly refugees and survivors of torture and violence. Several delegations urged other members of the Executive Committee to offer resettlement places. In this context, the new resettlement programmes in place in Africa were particularly welcomed. Another delegation, which is about to embark on a new resettlement programme, invited countries with long-established programmes to provide support and advice.

15. Several delegations urged UNHCR to further its efforts on behalf of unaccompanied refugee minors, stressing that resettlement should be promoted only if it is in the "best interests" of the child. The Note's focus on the importance of family unity and the active contributions of the elderly was welcomed.

16. The Chairman's summing up, which provides further comment on the debate under this agenda item, is contained in Annex 2. In his closing remarks, the Chairman reminded delegations of the need to begin the process of drafting decisions and conclusions on international protection for submission to the Executive Committee in October.

V. SITUATION REPORTS

17. Under this agenda item, three regional reviews of Africa were presented to the Standing Committee; an *Update on Regional Developments in Central, East and West Africa* (EC/48/SC/CRP.24); an *Update on Developments in the Great Lakes Region of Africa* (EC/48/SC/CRP.25); and an *Update on Developments in the Southern African Region* (EC/48/SC/CRP.23). Prior to the presentation of these conference room papers the Chairman provided delegations with an oral report of his recent mission to the Great Lakes region of Africa.

18. The Chairman informed delegations that the delegations of Angola and Rwanda had requested to participate in meetings of the Standing Committee during 1998 as Observers and suggested that their participation begin immediately, given the Standing Committee's consideration of UNHCR programmes in Africa and in line with the Executive Committee's decision on Observer participation taken in 1997. Delegations agreed to this proposal.

19. In a report, the Chairman presented delegations with a brief overview of observations during his mission to Kenya, Rwanda, Burundi, the United Republic of Tanzania and Ethiopia. The Chairman described the security situation for many refugees and humanitarian staff as a grave concern that needed the urgent attention of the international community, stating that UNHCR should not be left to carry out humanitarian operations in a political vacuum. With regard to coordination, the Chairman noted that in general the coordination between UNHCR and other agencies was working efficiently, but that more could be done to incorporate NGOs as full partners in operations. In addition, he informed the Standing Committee of the enormous reintegration and rehabilitation tasks in the region, particularly in Rwanda. He expressed his conviction of the urgency of these tasks both in returnee and marginalized refugee hosting areas.

A. Update on Regional Developments in Central, East and West Africa

20. The Director of the Bureau for Central, East and West Africa (CEWA) introduced document CRP/48/SC/CRP.24. Since the issuance of the report, a crisis in Guinea-Bissau resulted in some 220,000 persons leaving the capital to take refuge in the hinterland. He warned that should the humanitarian situation deteriorate, these persons were likely to seek asylum in Senegal or in Guinea. The Committee was informed of the measures taken so far by the humanitarian community such as the appeals made by the High Commissioner to the Chairman of ECOWAS, the Heads of States from Guinea, Guinea-Bissau and Senegal, as well as to the Secretary General of the OAU, ECOWAS and the United Nations to use their good offices to avert a crisis. The Director

informed delegations that a group composed of humanitarian organizations and diplomatic missions has been set up in Geneva and in Dakar. Both groups have been meeting periodically to share information and decide on appropriate courses of action. Referring to another development that had taken place during the month of June, the Director commented on the conflict between Eritrea and Ethiopia, which has so far resulted in the displacement of an estimated 143,000 persons. He deplored that this development might delay the resumption of the repatriation of Eritrean refugees from the Sudan which had recently been agreed with the Eritrean Government to take place in September 1998.

21. As regards Sierra Leonean refugees arriving in Guinea, the plea made by the High Commissioner that the atrocities committed by the Revolutionary United Front (RUF) ex-junta not be left unpunished was reiterated. Efforts made thus far towards separating bona fide refugees from active combatants were spelt out. The Director informed the meeting that the number of Liberian refugees repatriated under UNHCR's auspices had reached 50,000 during the month of June 1998. He also referred to the 180,000 returnees who were said, by the Liberian Government, to have returned since December 1997, a figure which would be further refined. The introduction was concluded with an enumeration of repatriation operations currently taking place or successfully completed. An appeal was made that successful reintegration processes, as well as assistance programmes, not be allowed to suffer as a result of under-funding.

22. Many delegations expressed satisfaction at the ongoing repatriation of Liberian refugees. The need for better coordination of this operation at all levels, however, was stressed. In this regard, a delegation from West Africa supported the proposal made by the Assistant High Commissioner in his introductory statement that a Government level meeting of all countries hosting Liberian refugees be called. Another delegation appealed that the coordination between the various UNHCR offices be improved for a better use of resources available. Inter-agency cooperation was described by one delegation as lacking in the Liberian repatriation operation. A delegation wondered to what extent UNHCR programmes and budgets would be affected by the large spontaneous movement currently taking place. Raising some concerns on the situation in parts of Liberia, a delegation requested that efforts be made to reduce tensions between the Lorma and Mandingo ethnic groups in Lofa in order to encourage the return of the latter group. Furthermore, delegations encouraged UNHCR to pursue its efforts to remove refugees from border areas in Liberia and settle them at a reasonable distance from the border.

23. The role of UNHCR with respect to development organizations in the reintegration process was raised by a number of delegations. One delegation deplored the fact that WFP and UNHCR were the only United Nations organizations active in northern Mali. Taking note of the fact that some countries of origin wanted UNHCR to extend it's presence in returnee zone beyond initial plans, a delegation encouraged UNHCR to continue devising it's programmes in such a way that development organizations could meaningfully take over reintegration activities as early as possible. It was also suggested that the recently concluded consultations on reintegration would help better define the various roles and responsibilities of relief and development agencies.

24. Some delegations, while welcoming the end of the repatriation of Ethiopian refugees, stressed the need for greater international cooperation and burden-sharing with regard to refugee assistance. In response to a specific comment made on the handling of refugees in Ethiopia, a delegation stressed that refugees as well as migrants should abide by the law of the country.

25. The appointment of a refugee children coordinator in West Africa and in East Africa was seen as a very positive development. A delegation requested that programmes be put in place for child combatants in the north of Uganda.

26. A delegation commended UNHCR's initiative to set up a coordination group for the Guinea-Bissau emergency. The same delegation provided updated information on the situation in Guinea-Bissau and described activities that Portugal, which has historical relations with this country, had initiated in coordination with NGOs, the European Union and other parties.

B. Update on Developments in the Great Lakes Region of Africa

27. The Director of the Great Lakes region of Africa introduced the *Update on Regional Developments in the Great Lakes Region of Africa* (EC/48/SC/CRP.25), updating delegations on new developments and the main concerns of UNHCR in the region.

28. In his comments, the Director referred to the successful outcome of the Inter-ministerial Meeting on Refugee Issues held in Kampala on 8 and 9 May 1998; the opening of the Burundi Peace Negotiations in Arusha; protection issues related to the screening of the residual Rwandan caseload; the question of access to the eastern part of the Democratic Republic of the Congo; and the acute funding problems with which the Operation is confronted.

29. In the discussion concerning the Great Lakes Operations, a number of delegations commended the High Commissioner and the Secretary General of the Organization of African Unity for the manner in which the Kampala meeting had been organized. They believed that the meeting had provided a good forum for an open dialogue among the countries of the region and wished to be kept informed of the follow-up process.

30. Several delegations stressed the importance of maintaining the civilian character of refugee camps, as well as the need to separate genuine refugees from combatants and criminal elements. It was noted, however, that the burden of separation calls for the support of the international community, since it could not be borne by the country of asylum nor UNHCR alone. It was recognized that the ongoing screening operations of the residual Rwandan caseload was a sensitive and difficult exercise which should be conducted in as transparent and objective a manner as possible.

31. With regard to Rwanda, delegations were pleased to note that the Joint Reintegration Programming Unit was fully operational and that other agencies were also involved. They hoped that the work of this Unit would provide the necessary link to enable UNHCR to hand over rehabilitation activities to other agencies. Several delegations expressed concern at continued reports of killings and violence in parts of Rwanda. Concerning the Democratic Republic of the Congo, emphasis was placed on the importance of UNHCR having unhindered access to eastern regions in order to allow the Office to exercise

its protection mandate on behalf of Rwandan and Burundi refugees in that part of the country. Delegations were pleased to receive feedback from the Director on the Burundi peace negotiations and hoped that they would lead to a peaceful solution and the repatriation of Burundi refugees.

32. Tribute was paid to UNHCR staff for their continued efforts in situations of conflict and insecurity. One delegation also wished to pay tribute to the generosity of refugee hosting countries. The NGO Observer delegation highlighted the role of PARinAC in the region, emphasizing the importance of collaboration between UNHCR, Governments and NGOs to further efforts towards establishing and ensuring peace in countries and regions of the continent. Finally, several delegations appealed to the international community to provide financial support to UNHCR so that the Office could continue to carry-out its activities on behalf of refugees and returnees in the region.

C. Update on Developments in the Southern Africa Region

33. The Director for Operations in the Southern Africa region introduced the *Update on Developments in the Southern African Region* (EC/48/SC/CRP.23), providing delegations with updated information since the issuance of the conference room paper.

34. One delegation commended the Director and his staff for the excellent work performed in Southern Africa. In this connection, the restructuring of UNHCR offices in order to minimize administrative costs, the increase in efficiency of services to refugees, the enhanced NGO capacity-building and the assistance to Governments in policy harmonization within the region were underlined. The meeting was informed that newly drafted refugee legislation in South Africa was available to the public on the Internet for comments. In addition, delegations were informed that composite flows and high levels of abuse of asylum procedures had created a considerable backlog of applications in South Africa. With regard to Angola, UNHCR's concern regarding the deterioration of the security situation was shared by one delegation and hope was expressed that the suspension of the repatriation/returnee programme would only last for a few weeks. UNHCR was also encouraged to persevere in its work despite the frustrations emanating from the scarcity of resources and recurrence of conflicts in the region.

35. Delegations commended UNHCR's efforts towards streamlining and restructuring the Southern Africa Operation, made possible by the stabilization of the refugee situation in the region, which, nevertheless, remains fragile. Angola was noted as an exception and UNITA was urged to adhere to the conditions stipulated in the Lusaka Peace Accord. The restructuring of the Southern Africa Operation was characterized by one delegation as a rational use of meagre resources while ensuring the protection and assistance of refugees. Another delegation expressed concern regarding the high administrative ratio for the Southern Africa Operation in comparison to other African operations. An explanation of the Angola budget increase from initial approved budget to the current revised budget under the General Programme was requested by a delegation.

36. Satisfaction was expressed with the positive working relationship which exists between the Angolan Government and UNHCR. With regard to the security situation in Angola, the Standing Committee was assured that the peace

process was irreversible despite the pessimism which was harboured by certain individuals. It was further noted that repatriation was the only durable solution for Angolan refugees and that the majority of refugees would return to their home country in the very near future. One Observer delegation expressed concern with the security situation in Angola and said that Angolans were awaiting peace. Concern was also expressed regarding the present standstill in the Angolan repatriation/returnee programme and in that respect the parties were urged to abide by Security Council resolution 1173. UNHCR was encouraged to work with the Angolan Government in ensuring the protection of Rwandans in Luau, regardless of the difficult working conditions for the screening team on the spot.

37. Appreciation was expressed for UNHCR's efforts in trying to harmonize refugee policies in Southern Africa. One delegation was pleased to see that concrete activities had been designed to promote self-reliance of urban refugees. Additional information was requested regarding the areas in which NGO capacity-building was being enhanced.

38. With regard to the high administrative ratio in the total Southern Africa Operation budget, the Director explained that following the stable environment and increased number of urban refugees in Southern Africa, a comparison of the administrative ratio should not be made with other African operations which have large rural refugee populations. He stated that the comparison should rather be made with the European operations where the nature of work is similar. The Director reiterated the ongoing restructuring exercise which would lead to the discontinuation of 69 posts by December 1998 and additional posts would be discontinued by June 1999.

39. The Director noted that the increase from initial approved budget to the current revised budget was due to the borrowing at the beginning of the year of $ 3 million for Angola from the Voluntary Repatriation Fund which is reflected in 1998 revised budget but not in the initially approved budget. In addition, the Director explained that the increase in NGO capacity-building activities would concern areas such as programme management and advocacy, but that the overall protection of refugees would remain under UNHCR's responsibility.

VI. PROGRAMME AND FUNDING MATTERS

40. The Standing Committee had before it a document entitled, *Update on Programme and Funding Projections for 1998 and Tentative Estimates for the 1999 General Programmes Target* (EC/48/SC/CRP.26) and a related draft decision.

41. The agenda item was introduced by the Director of the Division of Operational Support. The Director also introduced the recently appointed Head of Funding and Donor Relations Service. The critical funding situation for 1998 General Programmes was the focus of the Director's opening remarks. He pointed out that on the basis of current projections, the approved General Programmes target of $ 440 million was likely to be underfunded by some $ 70 million. He described the steps that the Office was taking to bridge the gap between needs and expected resources. Among these measures was the recently completed review of posts at Headquarters. Delegations were informed that with 62 post discontinuations at Headquarters, the estimated savings from this exercise in 1998 would be some $ 2 million. The Director

stated that the review of posts in the field was continuing. Further, he stated that other measures taken to address this shortfall in funding included reductions in activities and self-imposed limits on the use of the 1998 Programme Reserve, the Emergency Fund and the Voluntary Repatriation Fund. He expected that the carry-over into 1999 under General Programmes would be minimal.

42. As regards the 1999 General Programmes, the Director informed delegations that although it was too early to speculate about funding prospects, UNHCR's Operations Review Board had decided, on the basis of current funding trends, to propose to the forthcoming Executive Committee a reduced 1999 General Programmes target of $ 413.5 million (which includes a Programme Reserve of $ 33.5 million and $ 25 million for the Emergency Fund and $ 20 million for the Voluntary Repatriation Fund). As regards the funding situation for Special Programmes, the Director said that this was also very serious, especially in relation to programmes for Afghanistan, Angola, Liberia and Rwanda.

43. In the light of these trends, the Director raised the overall question of support of UNHCR programmes. He asked about the implications of the lack of financial support for certain Special Programmes. He questioned whether this implied a lack of political support for such programmes and a signal from the international community that UNHCR's involvement in such programmes was not a high priority and stated that this issue had to be addressed for UNHCR to draw the necessary conclusions.

44. Turning to the Informal Consultations on UNHCR's Budget Structure, the Director noted their progress and the constructive atmosphere in which they were being conducted. He commented that while the result would be a more transparent and flexible budget structure, which, if approved, could be introduced in the year 2000, the issue remained of also ensuring an adequate funding mechanism for UNHCR's programmes. In conclusion, the Director assured delegations that, in the light of funding pressures, UNHCR would be extremely attentive in the delivery of its programmes and the levels of administrative costs, so as to be as effective as possible with the resources available. He asked for their continuing support.

45. A number of delegations expressed concern about the funding situation. As regards the impact of shortfalls, concern was expressed with regard to their effect on refugee women and children. One delegation called for a greater focus on core activities, and greater inter-agency cooperation. Another felt that strategic choices needed to be made. To address the shortfall, one delegation underlined the need for a strategy to get more funds from new donors and the private sector.

46. Several delegations expressed regret at the proposed reduction in the level of 1999 General Programmes. Others wondered whether the proposed figure, given current trends, was realistic and not perhaps slightly ambitious.

47. A number of delegations made reference to the ongoing consultations on UNHCR's budget structure. It was felt by some that the growth in recent years in the number of statutory activities under Special Programmes was troubling. It was pointed out that this was contrary to what had been decided at the 1995 Informal Consultations. One delegation pointed out that

the test of any proposed new budget structure would be its ability to generate more funds. Another delegation felt that with the adoption of uniform definitions related to programme support, and management and administration, greater comparability would be possible with the budgets of other related United Nations agencies. Several delegations said they awaited the comments of the ACABQ on the outcome of the consultations

48. The draft decision was adopted without amendment (Annex 1).

VII. PROTECTION/PROGRAMME POLICY ISSUES

49. Delegations welcomed the oral progress report on activities for refugee women and gender mainstreaming, and commended UNHCR on its efforts towards integrating refugee women and gender into its programmes. It was noted, however, that changing the culture of the Office so that these issues are fully mainstreamed will be a long and challenging process requiring continued focus. Accordingly, a number of delegations strongly supported maintenance and strengthening of the role of the Senior Coordinator for Refugee Women.

50. Delegations recognized the importance of the current policy on refugee women and expressed strong support for a revision of the policy to incorporate the recommendations contained in the 1995 Beijing Platform for Action and the 1997 ECOSOC report on gender mainstreaming. The planned evaluations of the implementation of the policy on refugee women, and the impact of People-Oriented-Planning training were also welcomed as positive steps. It was suggested that the findings could be integrated into the policy review. One delegation expressed the wish that the role of refugee women in relation to their families be better highlighted in UNHCR's programmes.

51. Several delegations expressed concern that current budgetary constraints might negatively affect programmes for refugee women. They noted the improved efficiency of programmes that results from taking gender issues into account. The importance of building a culture of accountability was also highlighted and delegations welcomed the modifications to the Career Management System competency system as a positive step towards enhanced accountability for mainstreaming refugee women and gender considerations.

VIII. OVERSIGHT ISSUES

52. The Standing Committee had before it a document entitled *Audit Follow-up: Financial Management and Programme Management* (EC/48/SC/CRP.30). The document was introduced by the Director of the Division of Financial and Information Services and the Director of Division of Operational Support, who elaborated on actions taken by UNHCR in regard to the following issues: the recording of expenditure by implementing partners; the cancellation of obligation no longer required; the level of Programme Delivery (PD) and Administrative Support (AS) costs in various country programmes; the establishment of clearly defined project objectives; work plans; receipt of project monitoring reports; and quick impact projects.

53. Interventions from delegations stressed the seriousness of the audit comments and felt that the responses made by UNHCR were generally appropriate. Delegations placed particular importance on the need to further develop guidelines on establishing objectives and budgeting on the basis of

outputs and stated that these components should be emphasized throughout the development of the new Operations Management System (OMS). Delegations also expressed the view that greater attention be paid to the question of evaluation and monitoring. Delegations also raised the issue of the harmonization of the budget structure and felt that the need to establish norms for what is now referred to as PD and AS be dealt with in the context of this exercise. Delegations expressed the view that the report of the Board of Auditors correctly highlighted the importance of the issue of PD and AS but also stated that the core activities of the Office should be presented in a manner which is not compromised by such categorization. Delegations also encouraged UNHCR to benefit from the experience of other United Nations agencies in explaining how the issues raised by the Board of Auditors can be addressed in a successful manner.

54. The Director of DOS stated that many of the issues raised by the Board of Auditors are being dealt with in the context of the development of the OMS. He indicated that an initial version of the OMS should be available later in the year but that certain components are dependent upon improvements in technology, which will take longer to develop.

IX. GOVERNANCE ISSUES

55. The Standing Committee gave final consideration to the Annual Theme for the forty-ninth session of the Executive Committee. A draft decision of the Annual Theme was circulated in the room and proposed that the topic of debate at the forty-ninth session of the Executive Committee in October 1998 focus on "International Solidarity and Burden-sharing in all its Aspects: National, Regional and International Responsibilities for Refugees". The decision on the Annual Theme was adopted without amendment (Annex 1).

56. Delegations requested that the background documentation prepared for the debate be made available to delegations as soon as possible. Delegations also voiced support for efforts towards establishing more effective Executive Committee working methods. Further, it was suggested that the debate on the annual theme could be the core of a coherent process where Member States set the agenda for debate and the direction of the work to be undertaken by UNHCR over the year.

X. MANAGEMENT, FINANCIAL AND HUMAN RESOURCES MATTERS

57. The Deputy Director of the Division of Human Resources Management introduced the conference room paper on the safety of UNHCR staff (EC/48/SC/CRP.31). Delegations taking the floor, as well as the Chairman, expressed deepest concern for staff security and asked to be kept apprised of measures being taken to better ensure staff safety. One delegation welcomed joint statements by ICRC and UNHCR on safety and highlighted the recommendations and proposals by the ACC, particularly with regard to the necessity of training senior staff who are involved in the management of operations in insecure areas. In addition, it was recommended that acts against humanitarian staff should fall within the jurisdiction of the International Criminal Court, once it is established. The protection needs of local staff were also highlighted as an issue which needs to be accorded special attention.

XI. ANY OTHER BUSINESS

58. There being no further business, the Chairman closed the meeting.

DECISIONS ADOPTED BY THE TWELFTH STANDING COMMITTEE

I. DECISION ON PROGRAMME AND FUNDING PROJECTIONS

The Standing Committee,

Recalling the decision of the forty-eighth session of the Executive Committee on programme, funding and administrative matters,

(a) Notes that the overall revised needs for 1998 (excluding the Regular Budget) are currently estimated at some $ 1.1 billion, of which projected needs for General Programmes remain at $ 440 million, as approved by the Executive Committee at its forty-eighth session, and those for Special Programmes are $ 664.2 million;

(b) Notes also the tentative budget estimates of $ 413.5 million for 1999 General Programmes as set out in document EC/48/SC/CRP.26, which includes a Programme Reserve of ten per cent of programmed activities;

(c) Notes the current level of contributions to UNHCR's programmes and notes the appeal of the High Commissioner to donor Governments for further announcements of contributions so as to permit continuation and timely implementation of the various assistance programmes.

II. DECISION ON ANNUAL THEME OF THE FORTY-NINTH SESSION OF THE EXECUTIVE COMMITTEE

The Standing Committee,

Recalling the decision taken at the forty-sixth session of the Executive Committee that the General Debate will be discontinued and replaced by a debate on a focused annual theme to be selected in consultation with the High Commissioner and the Standing Committee at a meeting held at least three months before the annual plenary session (A/AC.96/860, para. 32(h)),

Recalling that, based on a decision by the Standing Committee of the Executive Committee at its eighth meeting, the annual theme debated at the forty-eighth session of the Executive Committee was "Repatriation Challenges",

(a) Decides that the annual theme to be discussed at the forty-ninth session of the Executive Committee will be "International Solidarity and Burden-Sharing in all its Aspects: National, Regional and International Responsibilities for Refugees";

(b) Considers that the debate on the annual theme should be conducted, *inter alia*, on the basis of relevant work undertaken at the inter-sessional meetings of the Standing Committee, including in respect of international

protection, as well as of previous conclusions of the Executive Committee and other documents or studies related to international solidarity and burden-sharing in all its aspects;

(c) Requests the High Commissioner to submit to the plenary session appropriate background documentation to provide a broad framework for the debate.

CHAIRMAN'S SUMMING UP OF PROTECTION DEBATE

A. Introductory Comments

The briefing given by the Director of International Protection on UNHCR's Reach Out initiative attracted much interest, with delegations lending their strong support for this process and its continuation. In so doing, they also confirmed their government's support generally for UNHCR's protection work. Amongst the issues picked up by delegations, arising out of the Director's report, was the problem of developing useful, protection-based Executive Committee conclusions. There was some support from the Committee for shorter conclusions with a more limited focus and it was recommended that the process used to reach conclusions might be re-examined. Many delegations also noted with appreciation the presence and statement of the Deputy High Commissioner for Human Rights, which expressed support for enhancing on-going cooperation between UNHCR and the Office of the High Commissioner for Human Rights.

B. Note on International Protection

Delegations were invited to address both aspects of this year's Note on International Protection - that is its overview of current concerns and new issues, as well as its framework theme of the interlinkages between refugee protection and human rights. The timeliness of this theme was recognized and the value of examining the refugee experience against the background of human rights principles was appreciated. It was recommended that this be repeated for later Standing Committees. UNHCR was encouraged to continue to strengthen its cooperation with the human rights bodies and mechanisms, although in so doing it had to maintain the specificity of its own mandate activities. Some delegations urged strengthened collaboration and dialogue at the bilateral and regional as well as the international level to address human rights causes of refugee flows, as well as breaches of human rights principles jeopardising refugee protection. While recognizing that human rights violations are amongst the principle causes of refugee flows, some delegations stressed also the causal role of environmental and development factors.

Turning to the overview of protection concerns in the Note, it was stressed that protection of refugees is a shared responsibility and that States had to meet their own obligations in this regard. Many delegations addressed the range of issues in the Note, expressing concern in particular about violations of the principle of *non-refoulement*, threats to physical security and the safety of camps and the difficulties in ensuring sustainable return. The protection problems of women and children were a recurring theme for many delegations, who generally highlighted both their concerns about the serious threats to the dignity and physical security of women and children, and the need to mainstream policy and protection guidelines as a priority in UNHCR programmes. The various initiatives being undertaken by UNHCR in this area were commended. The importance in building these initiatives also around respect for family unity was stressed. A number of delegations were interested in further discussion on the parallel development of the *non-refoulement* principle in human rights instruments. Other matters attracting comments included the role of the 1951 Convention and 1967 Protocol in the light of new refugee protection challenges, the importance of examining supplementary concepts such as gender-related persecution and the

question of return of rejected cases, not least in the light of misuse of asylum procedures. There was strong support for inclusion in the Note of issues of burden or responsibility sharing, notably in the context of mass influx and for putting in place of arrangements based on a fair distribution of responsibilities. It was at the same time highlighted that access to asylum and the meeting by States of their protection responsibilities should not be dependent on burden-sharing being in place.

Delegations broadly accepted that the primary duty for promoting and protecting human rights fell on States and, in this regard, it was particularly important to put into place programmes to combat xenophobia and racism, as well as to strengthen local capacity to protect human rights, including through building of national human rights institutions and training programmes for the police and the judiciary.

It was suggested by a number of delegations, in conclusion, that there were many issues in the Note which could fruitfully be discussed in the informal Gap consultations.

C. Note on Composite Flows

The complexity of the subject was acknowledged, as was the value of the conclusions of the Working Group on Solutions and Protection to further debate on this matter. The need to keep in mind the difference both between refugees and persons not in need of international protection, as well as rejected asylum seekers and persons without a protection need was important for delegations. Issues attracting particular comment included how to ensure the return of rejected cases and the acceptance by countries of origin of their obligation to receive back their citizens. The importance of fair and efficient refugee status determination procedures, the need to address the problems of abuse of these procedures and trafficking were also discussed. How to facilitate return, including importantly through development related activities in the country of origin was an important focus for a number of delegations. It was broadly accepted that, regardless of the status of the persons concerned (rejected asylum seekers, migrants, or others), their return had to be undertaken in a humane and dignified manner and in conformity with human rights standards. Finally, there was some consideration of the roles to be played by international organizations, including UNHCR as a catalyst and IOM, to facilitate return.

D. Informal Consultations

It was generally agreed that the informal consultations on protection for all who need it had proved a valuable forum for discussion of complex issues in an open manner. The consultations had had an important educative role and, in addition, they offered the possibility for States to develop their thinking on matters which would have to come into more formal debate at a later stage. As a result, there was general agreement that the consultations should continue, albeit taking into account UNHCR's resource limitations. The results of deliberations as well as the background papers for the various consultations' meetings deserved wider distribution and UNHCR was asked to look at ways to achieve this. Some delegations put forward a number of useful suggestions for further topics for the consultations, including a number drawn from this year's Note. It was pointed out that the main

criteria to be respected in organizing additional consultations were informality and expertise of discussions, and broadly based participation therein.

E. Oral Report on Exclusion

This subject attracted a lot of interest, with delegations recommending that the problem was deserving of on-going consideration by the Standing Committee. Amongst the main concerns identified by delegations during discussions, the challenge of protecting the integrity of the asylum system through rigorous applications of the exclusion clauses in the case of terrorist and criminal asylum seekers was particularly underlined. By the same token, the need to apply the clauses restrictively and in fair and transparent procedures was also stressed by a number of delegations. There were a number of concepts which delegations felt deserved further analysis, including the notion of "political" crimes, terrorists acts, and offences contrary to the purposes and principles of the United Nations. Delegations also recognized the importance of the procedural concerns raised in the oral presentation, particularly the approach to take to the cases of family members of an excluded individual. It was suggested by a number of delegations that the informal consultations could serve as a possible forum for further examination of such exclusion issues.

F. Resettlement

The Note on the Resettlement of Refugees with Special Needs underscored that protection considerations, including actual or potential human rights violations, motivate the need for resettlement. The call was made for more States to provide resettlement opportunities in general, and for refugees with special needs in particular.

There was broad support for UNHCR's efforts to generate awareness of the special needs of women-at-risk, refugee minors and adolescents, elderly refugees and survivors of torture and violence. Most delegations described ways in which current policies respond to the priorities identified in the Conference Room Paper tabled for discussion. For example, several delegations with programmes for the expedited processing of women at-risk reported that they would continue to consider UNHCR referrals as needed.

One delegation asked UNHCR to review the quality of the documentation provided for medical cases. Several delegations urged UNHCR to further its efforts on behalf of unaccompanied refugee minors, stressing that resettlement should be promoted only if it is in the "best interests" of the child. The Note's focus on the importance of family unity and the active contributions of the elderly was welcomed.

Finally, several delegations urged other members of the Executive Committee to offer resettlement places. In this context, the new resettlement programmes in place in Africa were particularly welcomed. One delegation acknowledged that while it will not establish an annual quota it will continue to resettle refugees with family links and in response to specific appeals of UNHCR. Another delegation which is about to embark on a new resettlement programme invited countries with long-established programmes to provide support and advice.